Kent County Council

# AGENDA

# CABINET SCRUTINY COMMITTEE

| | | |
|---|---|---|
| **Wednesday, 26th September, 2007, at 10.00 am** | Ask for: | **Peter Sass** |
| **Darent Room, Sessions House, County Hall, Maidstone** | Telephone | **01622 694002** |

**UNRESTRICTED ITEMS**

*(During these items the meeting is likely to be open to the public)*

## A. COMMITTEE BUSINESS

A1 Substitutes

A2 Declarations of Interests by Members in Items on the Agenda for this Meeting

A3 Minutes - 27 July 2007

A4 Informal Member Group on Budgetary Issues - 11 September 2007 (Pages 1 - 4)

A5 Cabinet Scrutiny Committee - Standing Report to September 2007 (Pages 5 - 10)

A6 Proposed Dates of Meetings

(a) Possible additional meeting – December 2007

Wednesday 5 December 2007 at 10.00 am has been reserved for a possible additional meeting of the Committee should it be needed following the special Cabinet meeting arranged for 26 November.

(b) Proposed meeting dates 2008

To note the proposed dates of meetings of the Committee for 2008 as follows (all at 10.00 am):-

| | |
|---|---|
| Wednesday 23 January | Wednesday 25 June |
| Friday 1 February (budget) | Wednesday 23 July |
| Friday 15 February (provisional) | Wednesday 24 September |
| Wednesday 26 March | Wednesday 22 October |
| Wednesday 21 May | Wednesday 10 December |

## B. CABINET/CABINET MEMBER DECISIONS AT VARIANCE TO APPROVED BUDGET OR POLICY FRAMEWORK

No items.

## C. CABINET DECISIONS

C1 Future of Post Office Network and Services in Kent (Pages 11 - 22)

Representatives of Post Office Ltd and Postwatch (the consumer watchdog), Mr R W Gough, Cabinet Member for Regeneration and Supporting Independence; and Mr A Wilkinson, Managing Director, Environment and Regeneration, have been invited to attend the meeting at 10.10 am to discuss this item.

C2 Autumn Budget Statement (Pages 23 - 44)

Mr N J D Chard, Cabinet Member for Finance, and Ms L McMullan, Director of Finance, will attend the meeting at 12.10 pm to answer Members' questions on this item.

C3 Other Cabinet Decisions

No other Cabinet decisions have been proposed for call in but any Member of the Committee is entitled to propose discussion and/or postponement of any decision taken by the Cabinet at its last meeting.

*(Members who wish to exercise their right under this item are asked to notify the Head of Democratic Services of the decision concerned in advance.)*

## D. CABINET MEMBER DECISIONS

D1 Fairer Charging Policy for Home Care and other Non-Residential Services (Domiciliary Charging Policy) (Decision 07/00967) (Pages 45 - 126)

Mr K G Lynes, Cabinet Member for Adult Social Services, and Mr O Mills, Managing Director, Kent Adult Social Services, will attend the meeting at 11.10 am to answer Members' questions on this item.

## E. OFFICER AND COUNCIL COMMITTEE DECISIONS

No Officer or Council Committee decisions have been proposed for call in but the Committee may resolve to consider any decision taken since its last meeting by an Officer or Council Committee exercising functions delegated to it by the Council.

*(Members who wish to propose that the Committee should consider any Officer or Council Committee decision are asked to inform the Head of Democratic Services of the decision concerned in advance.)*

## EXEMPT ITEMS

*(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)*

Peter Sass
Head of Democratic Services and Local Leadership
(01622) 694002

**Tuesday, 18 September 2007**

*Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.*

**NOTES** of a meeting of the Cabinet Scrutiny Committee's Informal Member Group on Budgetary Issues held on Tuesday, 11 September 2007.

**PRESENT:** Mr D Smyth (Chairman), Mr C J Law and Mrs T Dean.

**ALSO PRESENT:** Mr N J D Chard, Cabinet Member for Finance.

**OFFICERS:** Ms L McMullan, Director of Finance; Mrs C Head, Chief Accountant; Mr B Smith, Group Manager, Financial Planning and Budgets; Mr A Wood, Head of Financial Management, Chief Executive's Directorate (for Item 2); Ms J Edwards, Director of Policy and Resources, and Mr D Shipton, Head of Finance and Asset Management, Communities Directorate (for Item 3); Mr J Wale, Assistant to the Chief Executive; and Mr S C Ballard, Head of Democratic Services.

**1. Notes of Previous Meeting**
*(Item 1)*

Agreed, but it was noted that two action points were still outstanding. **(Action: CH)**

**2. Chief Executive's Directorate Budget Position**
*(Item 2)*

(1) Mr Wood introduced the Chief Executive's Directorate summary (Annex 5) in the latest Quarterly Budget Monitoring Report to Cabinet.

(2) The Group discussed the issue of Capital Receipts (paragraph 2.1). While individual projects were often dependent on funding from related capital receipts, Ms McMullan explained that there were arrangements for internal 'bridging loans', with interest charged to the project, to cover any gap between the start of work and receipt of the capital receipt.

(3) Mr Chard said that getting capital receipts in at the right time was dependent on looking at options for selling the land concerned early enough to allow resolution of any planning or land assembly issues which could affect the land value. Discussions were taking place with the Director of Property about planning land sales further ahead.

(4) Mrs Dean asked for a timeline on a typical project funded by capital receipts to be circulated to the Group. **(Action: CH)**

**3. Communities Directorate Budget Position**
*(Item 3)*

(1) Ms Edwards and Mr Shipton introduced the Communities Directorate summary (Annex 4) to the latest Quarterly Budget Monitoring Report to Cabinet.

(2) Members' questions covered the following issues:-

Coroners' Service

(3) In answer to a question from Mr Law, Mr Shipton said that one of the pressures on the Coroners' budget was from a substantial national pay claim which had been submitted by Coroners. The County Council had written to the Government to make that case that, as the County Council simply hosted the Coroners' Service, the Government should meet in full any additional costs arising from this pay claim.

Adult Education – Tuition Fees

(4) In answer to a question from Mr Smyth, Mr Shipton explained that, in the light of the original indication of the level of LSC grant, it had been planned to review the concessions scheme. However, because LSC funding had been more generous than expected, it had not been considered necessary to carry out this review. However, early indications were that enrolments for 2007/08 would be lower than expected and it was this that was causing the budget pressure. Discussions were currently taking place about the management action needed to contain this pressure.

Turner Contemporary

(5) Mr Shipton explained that the County Council had applied to the Arts Council and SEEDA for grants totalling £8.1m towards the capital costs of this project, but the outcome of the grant applications would not be known until spring 2008. The remainder of the £11m external funding was expected to be raised by the Trust being established to seek public donations. The Trust was currently seeking charitable status. Any shortfall in external funding would be met by KCC, which was underwriting the cost of the whole project.

(6) Mr Law asked for a budget plan for the project, showing what funding KCC expected to receive from whom, and when, to be circulated to the Group. **(Action: CH/DS)**

**4. Revenue and Capital Budgets, Key Activity and Risk Monitoring**
*(Item 4)*

(1) Members' questions covered the following issues:-

Children's Centres (Annex 1, paragraph 1.1.3.7)

(2) In answer to a question from Mrs Dean, Ms McMullan said that efforts were being made to identify other items on which Sure Start grant could legitimately be spent in order to make use of the projected underspend. She offered to circulate a briefing note on this to members of the Group. **(Action: LM)**

Direct Payments (Annex 2, paragraph 2.4)

(3) In answer to a question from Mrs Dean, Ms McMullan said that representatives of Kent Adult Social Services would be attending the next meeting of the Group to discuss the KASS budget and to report on the outcome of the research undertaken into whether the introduction of Direct Payments had stimulated additional demand for domiciliary care.

Schools PFI Projects (Annex 1, paragraph 1.2.7(b)

(4) In answer to a question from Mr Smyth, Ms McMullan explained that the equalisation reserve was designed to smooth out over time the impact of PFI projects on the revenue budget.

St James the Great Primary School, East Malling (Annex 1, paragraph 1.2.4.6)

(5) Mrs Dean said that, as local Member, she wished to place on record that she understood that English Heritage had only objected to the scheme (thus delaying its progress) because KCC had failed to consult English Heritage prior to the submission of the planning application as they should have done.

**5. Autumn Budget Statement**
*(Item 5)*

The Group agreed that this item should be referred to the full Cabinet Scrutiny Committee meeting to be held on Wednesday 26 September.

**6. Government Consultation on Local Government Finance Formula Grant Distribution**
*(Item 6)*

The Group agreed that consideration of this item should be deferred to a special meeting of the IMG to be held on Wednesday 26 September at 2.00 pm.

07/so/BudIssIMG/091107/Notes

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**REPORT TO: CABINET SCRUTINY COMMITTEE 26 September 2007**
**BY: ASSISTANT TO THE CHIEF EXECUTIVE**

**CABINET SCRUTINY AND POLICY OVERVIEW**
**Standing Report to September 2007**

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## Summary

1. The report summarises in Table 1 outcomes of the most recent Cabinet Scrutiny Committee (CSC) meeting held on 25 July 2007. Cabinet Members and Chief Officers were provided with a copy of the action sheet and asked to respond as appropriate. The report includes any subsequent responses and actions by Cabinet Members and Senior Officers up to and including the meeting of Cabinet held on 17 September 2007.
2. Additionally, in Table 2 the report provides an updated report on the current programme for Select Committee Topic Review. This programme was agreed at Policy Overview Co-ordinating Committee on 7 June 2007.

## Recommendations

3. Members are asked to note:
   (i) progress on actions and outcomes from the meeting of Cabinet Scrutiny Committee held on 25 July 2007 as set out in Table 1;
   (ii) the current position on Select Committee Topic Reviews.

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Contact Officer: **John Wale 01622 694006**

| Cabinet Scrutiny Committee 26 September 2007 **Table 1**<br><br>ACTIONS FOR CABINET/DIRECTORATES FROM CABINET SCRUTINY COMMITTEE 25 July 2007 | |
|---|---|
| **Item/Issue** | **Actions and Outcomes from Cabinet Scrutiny Committee** |
| **A2 Declarations of Interest** | None |
| **A3 Minutes of Cabinet Scrutiny Committee 27 June 2007.** | (a) The minutes were agreed.<br>(b) The Update on Children's Centres is to be added by Dr I Craig. **Action: Dr I Craig**<br>(c) Details of Government Funding for Children's Centres (including those set up under Sure Start) for 2008/09 to be circulated to all members as soon as known. **Action: Alex Gamby/Ian Craig/Stuart Ballard.** |
| **A4 Informal Member Group on Budgetary issues – 11 July 2007** | The minutes were noted. |
| **A5 Cabinet Scrutiny Committee: Standing Report to July 2007** | Report was noted. Mr Wale explained the updates to the Select Committee Topic Review Programme following the meeting of POCC on 7 June 2007 and more recent progress relating to Topic Reviews. |
| **B1 The Bridge Development, Dartford**<br><br><br><br><br>**E1 Strategic Plan for the Provision of Secondary Places 2007-2017** | (a) Noted without comment.<br>(b) With reference to Paragraph 3(b) of the report, Mr Smyth asked that the implications of the contribution being at a different level should be incorporated in the September Monitoring Report. **Action: Lynda McMullan**<br>Mr M C Dance, Cabinet Member for Education and Schools, Dr I Craig, Director of Operations, Mr M Nye and Mr T Smith, School Organisation Officers, attended and answered Members' questions on this item.<br>(a) Further information about reasons for the recent up-turn in national birth-rate (p8) to be circulated to all Members of the Committee. (Mr Smyth)<br>(b) Comparative figures for KCC's statistical neighbours to be circulated to all Members of the Committee (Miss Carey).<br>(c) Office of National Statistics' data on births in 2006 (p9) to be circulated to all members of the Committee as soon as available (Mr Bullock).<br>(d) A briefing note on the inclusion of Whitstable and Herne Bay in the Thanet Phase of Building Schools for the Future to be circulated to all Members of the Committee. (Mr Hart). |

| Cabinet Scrutiny Committee 26 September 2007<br><br>ACTIONS FOR CABINET/DIRECTORATES FROM CABINET SCRUTINY COMMITTEE 25 July 2007 | Table 1 |
|---|---|
| **Item/Issue** | **Actions and Outcomes from Cabinet Scrutiny Committee** |
| | (e) The Committee concluded that:<br><br>(i) Mr Dance, Dr Craig, Mr Nye and Mr Smith be thanked for attending the meeting to brief the Committee and answer Members' questions.<br>(ii) The assurance by the Cabinet Member that, in planning how to deal with surplus secondary school places, the wider issues, (eg wider roles of schools within their community [both actual and potential]; location of schools in relation to the community they served; transport and travel implications; and development control issues arising from extended-hours use of school facilities) would be taken fully into account, be welcomed. **ACTION: Mr Dance/Dr Craig**<br>(iii) The assurance by the Director of Operations (CFE) that that there would be full local debate over the next 6 months on the Secondary School Capacity issue be welcomed, and the Director be asked to publish a timetable for this activity as quickly as possible. **Action: Dr Craig**<br>(iv) The Director of Operations, CFE be requested to provide Members with details of the future relationship between LEAs and the Further Education sector, and the implications of this for Kent, as soon as it had been clarified by Government. **Action: Dr Craig**<br>(v) The Director of Operations (CFE) be asked to advise Members of the outcome of his investigation into why the number of pupils in the 15+ year group (p5 of the document) was slightly lower than preceding year groups. **Action: Dr Craig/S Ballard.** |

**Cabinet Scrutiny Committee: 26 September 2007**
**Table 2**

**Select Committee Topic Reviews:**
**Programme agreed at Policy Overview Co-ordinating Committee 7 June 2007**

| ***Policy Overview Committee/*** Topic Review/**Chair** | **Current Topic Review status and other topics agreed for the period July 2007 to July 2008 *** |
|---|---|
| ***Children Families and Education :*** | |
| PSHE-Children's Health: **Chair Ms CJ CRIBBON** | The Select Committee report was accepted by Cabinet on 16 April 2007, and was debated at full County Council on 24 July 2007. (Research Officer: Gaetano Romagnuolo) |
| Developing the Creative Curriculum | **POCC agreed that this should remain in the work programme for 2008.*** |
| Young People's Spiritual, Moral, Social and Cultural Development# | **# POCC suggested this topic could also be combined with aspects of Consultation and Participation with Children and Young People (Student Voice), and with Provision of Activities for Young People.**<br>**In the work programme for 2008.** |
| Vulnerable Children | **POCC recommended this Topic Review should commence in Autumn 2007.** |
| ***Corporate:*** Accessing Democracy | **POCC recommended that this review should commence in Autumn 2007***<br>**Preliminary discussions have been held to assess how this work will compliment the work of the "Going Local" Informal Member Group.** |
| ***Communities*** | |
| Student Voice –Consultation and Participation with Young People# | **#See above; dates to be agreed.** |
| Provision of Activities for Young People# | **See above; dates to be agreed.** |

| ***Policy Overview Committee/*** Topic Review/**Chair** | **Current Topic Review status and other topics agreed for the period July 2007 to July 2008 *** |
|---|---|
| ***Communities (continued)*** | |
| Alcohol Misuse<br>**Chairman:**<br>**MR D HIRST** | Inaugural meeting held on 16 May 2007; Terms of Reference Agreed, Hearings will be held mid June to the end of July. The Select Committee will report to Cabinet on 3 December 2007. |
| ***Adult Services*** | |
| Carers in Kent:<br>**MR L CHRISTIE** | Inaugural meeting of the Select Committee was held on 5 June 2007. Hearing sessions are being held in July/August 2007, with a report to Cabinet in December 2007. |
| ***Environment and Regeneration*** | |
| Impact of Supermarkets, Out of Town Shopping Malls and Retail Parks on Businesses in Kent | After debate, POCC considered that this topic should be removed from the current work programme. |
| Flood Risk<br>**MRS S HOHLER** | **POCC having agreed that this topic review should proceed as soon as possible, hearings have been held during July and August with the objective of completing the report by September 2007.** |

*jhw/sc 17 September 2007:*
** Subject to formal agreement by Chairman and Spokespersons of POCC of Minutes of Meeting held 7 June 2007.*

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**CABINET SCRUTINY COMMITTEE – 26 SEPTEMBER 2007**

| | |
|---|---|
| Report Title: | **Future of Post Office Network and Services in Kent** |
| Documents Attached: | (a) Initial consultation letter from Post Office (July 2007).<br>(b) Cabinet Members' response to initial consultation letter (14 August 2007).<br>(c) Report to Cabinet, 17 September (Item 7).<br>*Cabinet approved the recommendations in the report.* |
| Purpose of Consideration: | (a) To seek more details from the representatives of Post Office Ltd of the consultation process that the company will use for the proposed closures of Post Offices in Kent. (The consultation process is now expected to start on 2 October).<br>(b) To discuss with the representatives of Post Office Ltd and Postwatch, and the Cabinet Member and Managing Director, how the County Council should respond to the consultation in order to best serve the interests of the people of Kent. |
| Possible Decisions: | The Committee is invited to consider whether to suggest to the Cabinet Member any points for possible inclusion in the County Council's response to the Post Office's consultation, or any actions which affected local Members could usefully take. |
| Previous Consideration: | None. |
| Background Documents: | None. |

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Chief Executive
Kent County Council
Sessions House
County Hall
Maidstone
Kent
ME14 1XQ

July 2007

Dear Sir/Madam,

I am writing to you as the Director of the Network Change Programme ("Programme") which Post Office Ltd will soon implement. This follows the recent announcement by the Government of their future policy towards the network ("the Network") of post office branches ("the Branches"). I am keen that local authorities are engaged in the process of change and this letter is intended to give you some background information and commence that process of engagement.

As you may be aware, on 17 May 2007, in response to a national 12 week public consultation process, the Government announced its policy ("the Response Document ") on the future of the Network. A copy of the Response Document can be found at: www.dti.gov.uk/files/file39479.pdf.

The consultation was undertaken in recognition of the need to modernise and reshape the Network - against the backdrop of falling customer numbers, decline in traditional services such as Government based business, changing consumer behaviour and rising losses in the Network (from £2m a week in 2005 to almost £4m a week last year). It also acknowledged the important social and economic role played by the Branches in local communities.

In the Response Document, the Government announced

1. the proposed closure of up to 2,500 Branches (out of 14,300 current Branches)
2. the introduction of minimum access criteria (as set out below) in respect of the remaining Branches
3. support funding for the Network to be provided by the Government; and
4. the introduction of around 500 'outreach' Branches[1].

[1] Outreach branches will be deployed in those communities where an Area Plan highlights the need to maintain a form of access to services but where a full time branch could not be justified.

As stated above, a key part of the Response Document is that necessary Network change is against the backdrop of the introduction of a range of minimum access criteria for the provision of Branches. This means that Post Office Ltd will henceforth be required to maintain a Network that provides access to outlets based on the following criteria:

Nationally:

- 99% of the UK population to be within 3 miles and 90% of the population to be within 1 mile of their nearest Branch.
- 99% of the total population in deprived urban areas[2] across the UK to be within 1 mile of their nearest Branch.
- 95% of the total urban[3] population across the UK to be within 1 mile of their nearest Branch.
- 95% of the total rural[4] population across the UK to be within 3 miles of their nearest Branch.

In addition, for each individual postcode district:

- 95% of the population of the postcode district to be within 6 miles of their nearest Branch.

Changes to the Network can only take place within these parameters.

Post Office Ltd will also take into account obstacles such as rivers, mountains and valleys, motorways and sea crossings to islands in order to avoid undue hardship and consider the availability of public transport and alternative access to key services, local demographics and the impact on local economies.

The Government expects Post Office Ltd to implement necessary Network changes throughout the UK during an 18-month period. We have therefore established an implementation programme which divides the country into approximately 50 distinct areas ("the Areas") in respect of each, there being a local area plan ("Local Area Plan"). Each Area will be made up of a number of Parliamentary constituencies. Each Local Area Plan will be subject to a detailed planning process through which future Network proposals will be developed, which will then be submitted into a public consultation process prior to a process of further consideration and then implementation.

[2] Deprived urban – The most disadvantaged urban parts of the UK based on the Indices of Multiple Deprivation (top 15% Super Output Areas in England, 15% of Data Zones in Scotland and 30% of Super Output Areas in Wales and Northern Ireland).
[3] Urban – a community with 10,000 or more inhabitants in a continuous built up area.
[4] Rural – a community not covered by the definition of Urban above.

Work will commence on these plans shortly and we expect the process (for the whole country) to take 18 months. Some Local Area Plans will therefore be prepared earlier than others, as we schedule planning and consultation for Areas to progress across the country.

Network change will, subject to the requirements of the minimum access criteria, be necessary in all parts of the country and its overall extent will have to be of the order referenced in the Response Document if a sustainable future Network consistent with the Government's ongoing funding commitments is to be achieved. In making these changes the Government has made clear that no particular part of the Network and no particular group of people should be significantly more adversely affected than any other.

We have now established the timetable and structure of the Local Area Plans for the implementation process.

Details of the Area of the Local Area Plan - which includes the area for which your local authority is responsible are attached to this letter.

The six week public consultation period will commence for this Local Area Plan in September 2007. Background planning will now be commencing for this Area, with more detailed planning occurring in the 12 week period leading up to public consultation.
As you will understand, the consultation in respect of the Local Area Plan will not concern the principle of the need for change of the Network, nor its broad extent and distribution – that has already been established by the Government in its Response Document. Rather consultation will be seeking representations on the most effective way in which Government policy – as set out in the Response Documents - can be best implemented in the particular Area in question. No final decisions will be made on the implementation until the public consultation has been conducted and responses considered by Post Office Ltd.

Prior to the public consultation, we will seek to take careful account of relevant local factors in the preparation of the Local Area Plan on which the consultation will take place. I would therefore welcome your assistance at this stage in the preparation of the Local Area Plan.

Accordingly, I am initially seeking from you information that you see as relevant in determining the future pattern of the Network in your Area. Examples of the kind of information that might be helpful could be:

1. regeneration and development plans in your local authority area
2. proposed new settlements
3. major road schemes likely to have a material impact on accessibility between communities
4. significant public transport changes including enhancements, new provisions and likely withdrawal of key services.

In respect of all of these, it would be particularly useful to have details of those matters which are likely to come to fruition within the next two/three years.

Please send any information that you deem appropriate back to me as soon as possible.

As our process progresses and we move to the more detailed planning stage within your area, we will be in further contact with you. Furthermore, when a proposal has been developed in detail for a specific Area, we will contact you again to discuss those proposals right at the start of the formal period of public consultation. Irrespective of any material that you have been able to supply to assist our initial planning stages, when we put to Local Area Plan which includes the area to which your local authority relates, to public consultation, we will specifically send a copy to you and invite your further representations.

Throughout this process of planning, consultation and decision making there will be appropriate involvement by Postwatch. Postwatch is the independent watchdog for postal services and it will scrutinise and comment on Post Office Ltd's proposals in respect of Network change and it will work with Post Office Ltd to help secure the best possible outcome. Postwatch will also periodically monitor and review compliance with the Government's minimum access criteria. We understand that Postwatch will be separately writing to you shortly.

Thank you for your initial assistance in this matter. We know that this change process may be unsettling for some of our customers and for our Subpostmasters. However, as you will understand, we have to make the changes consistent with the Government's Response. We believe that effective engagement with local authorities can help ensure that the Programme is implemented in the best manner possible.

**As we will be in your area very soon I would like to take this opportunity to invite you to a confidential meeting with Post Office Ltd representatives**.
If you would like to attend or discuss any of the above issues further please could I ask you to contact the Network Change Programme Office at your earliest convenience – details are at the foot of this letter.

**Sue Huggins**
**Programme Director**
**for and on behalf of Post Office Limited**

Network Change Programme Office: 0207 354 7233
E mail address: network.change@postoffice.co.uk
Postal address: Programme Office, 5th floor, 80 Old St, London, EC1V 9NN

***Roger Gough***
***Cabinet Member for Regeneration and Supporting Independence***
***Member for Darent Valley***

***Email:  roger.gough@kent.gov.uk***

Sue Huggins
Programme Director
Network Change Programme Office
5th Floor
80 Old Street
London
EC1V 9NN

14th August 2007

Dear Ms Huggins

With reference to your belatedly received letter regarding the network change programme in Kent, please find enclosed a range of published documents that, we trust, will fulfil your request for additional information on:

1. Regeneration and development plans in your local authority area
2. Proposed new settlements
3. Major road schemes likely to have a material impact on accessibility between communities
4. Significant public transport changes including enhancements, new provisions and likely withdrawal of key services

We would particularly draw your attention to the County's Structure Plan and the Local Transport Plan [copies enclosed] as these contain information on forthcoming major schemes and significant new housing allocations for Kent. Please also note that the Structure Plan is also to be superseded by the South East Plan and the Inspector's report on housing allocations is due to be published this week. The latter will lead to changes in population catchments for future post office provision – and should be factored in.

With respect to public transport provision across the County I should stress that KCC subsidies apply to less than 20% of bus routes (copy of KCC Bus Strategy enclosed). I am sure that you are aware that significant public transport changes, including enhancements, new provisions and likely withdrawal of key services are dependent on future (and currently unknown) budget allocations e.g. future availability of central government's Rural Bus Grant. The remaining 80% of bus routes are operated by the private sector.

I must also stress that this request has been received at a difficult time of year, when staff resources are most thin on the ground, and the failure of the original copy of your letter to arrive at County Hall at all has not helped matters.

Your letter also fails to mention whether you have approached Kent's District and Borough Councils, along with the unitary authority of Medway. We would ask that you engage with these authorities as they are responsible for allocating sites for development which will further affect the future catchments of specific post offices.

Furthermore, please note that we are providing this information in the interests of accurate decision making, and this should not be taken as any endorsement of the process being undertaken. We continue to have significant concerns about the speed with which this process is being undertaken, its potential impact on many communities in Kent, and the inadequacy of the six-week public consultation period.

Yours sincerely

Roger Gough

**Roger Gough**
Enc.

List of enclosures

Kent and Medway Structure Plan
Local Transport Plan for Kent (2006-11)
The Community Strategy (Vision for Kent)
Kent Prospects (the Kent Economic Strategy) 2007-2012
Kent Rural Delivery Framework
Towards 2010
Bus Strategy for Kent 2006-2011

| | |
|---|---|
| By: | Roger Gough, Cabinet Member for Regeneration and Supporting Independence &<br>Adam Wilkinson, Managing Director, Environment and Regeneration |
| To: | Cabinet – 17 September 2007 |
| Subject: | Future of Post Office network and services in Kent |

**Summary**

**For information and discussion**

This report updates Cabinet on the latest developments concerning the Post Office Network Change Process in Kent.

- **Kent has been identified as the first area in the Country to undergo the process, and the Post Office Network Change Unit commenced work in early July.** The Local Area Plan timetable received by KCC (belatedly on Monday 23rd July) states that 'blueprint and validation' started on the 2nd July, engagement with sub-postmasters on the 16th July and the public consultation will commence on the 17th September 2007. It is our understanding that post office closures in Kent are likely to be actioned in early 2008.

- At this stage, the nature and scale of proposed closures that are planned for Kent is unknown. The Government have announced nationally that up to 2,500 closures are planned. Pro-rata, this could mean significant numbers across Kent – given that the Government are adamant that 'no country within the UK and no group of inhabitants at the area plan level should be significantly more adversely affected than any other'.

**Rural and Urban Dimension**

- This is not just a rural issue – as the government have stated that the number of urban and rural post office closures will be 'roughly similar'. Urban areas may also feel particularly targeted as the last round of post office closures centred exclusively on urban areas (Urban Reinvention Programme)

- It is important to note that the rural and urban impacts of post office closure – and remedial actions are likely to differ. Rural impacts include: possible failure of village shop (where co-located), access difficulties for those without private transport, loss of main focal point within village, reduced productivity/ increased travelling for rural businesses to access postal services – and resultant increases in carbon footprint. Urban impacts include loss of footfall for neighbouring businesses/ shops in immediate vicinity, which can be counter productive for wider regeneration initiatives and access issues for those with limited mobility.

**Concerns re the Network Change Process**

KCC continue to have a number of concerns over how the network change process is being implemented in Kent. These are:

a) **The timescale identified for network change is too short**. This process must focus on putting Kent's post offices on a stable *and sustainable* footing for the long-term future and create a viable business model. Changes should not be rushed or under-resourced. A longer period is required to get alternative delivery models up and running – and to ensure no gaps. Failure to do this will result in a weakened network, which is not sustainable in the long-term – and does not meet the needs of Kent's communities.

b) The Government has resisted widespread calls for the public consultation period to be extended from six weeks to twelve weeks. **A six week public consultation period on the proposals is too short**, for an issue of this significance – and is not sufficient time for the communities of Kent to have their say – or develop community led approaches for alternative delivery.

c) Where post offices are proposed for closure, **sufficient funding needs to be made available to enable appropriate outreach facilities to be put into place**. It is proposed that Post Office Ltd will introduce some 500 outreach services across the UK to mitigate the impacts of up to 2,500 closures. There is concern that the scale of funding for outreach provision (run by Post Office Ltd) will not be in keeping with the number of proposed closures[1]. Local authorities should not be left footing the bill.

d) Many post offices are co-located in shops – and insufficient recognition has been given to this issue within the Government's response. **There is a particularly high degree of co-dependency in rural areas where loss of the post office could also result in the loss of the village shop**. In deprived urban areas, research has evidenced that the resulting reduction in footfall can be detrimental to wider regeneration initiatives.

e) The implicit assumption within some of the outreach proposals that all communities have the necessary 'community capacity', 'social capital' or community assets to implement alternative provision is erroneous – especially in deprived areas. **There is likely to be a particular emphasis placed on community-led or community-assisted responses in rural areas**. Dedicated funding for facilitation needs to be put in place to enable those interested communities to deliver their own solutions e.g. community shop providing 'post office services'.

[1] The outreach models proposed by Post Office Ltd are:

**Hosted –** a full service offered by the subpostmaster (or a fully trained employee) of a nearby post office at a host site such as a shop, village hall or church

**Partner –** a basic service with access to cash, bill payments, stamps, weighing and leaving parcels being provided by other retailer alongside their main business e.g. petrol station or pub overseen by the core subpostmaster who provides the site with products

**Home service -** a limited service offered via telephone or on-line ordering with the subpostmaster

**Mobile –** a full service is offered by a mobile post office visiting a number of locations at set times on a regular basis

Kent has a good track record in innovation. For example in Frittenden, Kent, the Bell and Jorrocks pub volunteered to become the location for a new automated Partner service with the Core branch being at Staplehurst.

f) **Business use of the network has not been sufficiently taken into account**, especially in rural areas. ICT has led to a rapid growth in home-based businesses and home-based working – especially in rural areas. Research by the Federation of Small Businesses stresses that post offices are a ‘crucial element of the post infrastructure’ and that 82% of small businesses believed that closure of their local post office would have a significant impact on their business. Kent and Medway’s regional organiser has expressed strong concern over the impact on Kent’s SMEs and willingness to work with KCC on further quantifying the likely impact on the small business sector. *Some outreach service models will not cater for the needs of local businesses.*

g) **There is a need for Government and Post Office Ltd to take a more integrated and joined up approach to the future delivery of Post Office Services i.e. working with other partners**. This would result in improved access to services for Kent’s communities (particularly in rural areas), better use of public money and more sustainable delivery of Post Office Services. The transfer of assets policy outlined in the Quirk Review may create opportunities for new urban provision of postal services. It is unlikely that rural communities will benefit from the resources that will become available for the transfer of assets proposed by the Quirk Review – as in rural areas most communities already own their own assets e.g. village halls and playing fields. **Equivalent opportunities (and funding) should be made available for rural communities to develop the management of their existing community assets to improve access to services.**

h) **There has been little thought given to the environmental impacts of post office closure** – i.e. increased journey times, more car-based trips etc.

**What is KCC doing in response?**

1) A proactive communications strategy has been drafted by KCC’s Corporate Communications Team. This will highlight:
    a) KCC’s above concerns about the way that the network change process is being implemented in Kent – and the damage that rushed, ill-thought through plans will cause Kent’s businesses, communities - and future sustainability of Kent’s post office network.
    b) KCC’s support for Kent’s post offices – and urge Kent’s communities to support their post offices. Districts are being invited by the press office to participate in this press campaign.

2) An initial discussion has also taken place to assess the potential to integrate future post office service delivery with the roll out of the KCC Gateway Strategy. The opening of a new Gateway in Tenterden later this year should secure the future of the town centre post office (which is co-located in the Allday’s site) – although Post Office’s timescale and issues re cash-handling pose significant constraints.

3) 2 dedicated workstreams to address likely rural impacts are being scoped:

a) providing specialist business advice for rural retailers where closure of their co-located post office could also jeopardise the viability of the village shop

b) providing effective support for rural communities faced with the loss of their post office, and potentially village shop, to develop alternative community-led alternatives e.g. community owned shops

For each workstream, two options have been scoped to provide:

- a workstream that is likely to be possible through the re-alignment of existing KCC and partner resources/budgets which would meet some of the needs
- the ideal option that would be taken forward if further funding was made available by Post Office limited to address the wider impacts of the network change process (nb previous Countryside Agency funding streams could have potentially provided such resourcing if they were still available).

Both of these workstreams directly feed into the Towards 2010 target and Kent Rural Delivery Framework objective of supporting rural businesses and communities to become more entrepreneurial. KCC will lead, but the workstreams will involve partnership-based delivery.

**Recommendation**

Cabinet are asked to consider the proposed KCC response, and agree & amend as proposed.

**Background documents:**

The Post Office Network: Government response to public consultation (May 2007), DTI

The Post Office Network: A consultation document (December 2006), DTI

Small Businesses and the UK Postal Market: Federation of Small Businesses (2007)

**Contact officers:**

Stuart Gibbons 01622 221958; Liz Craven 01622 221381

**!**

**CABINET SCRUTINY COMMITTEE – 26 SEPTEMBER 2007**

| | |
|---|---|
| Report Title: | **Autumn Budget Statement** |
| Document Attached: | Report to Cabinet, 17 September (Item 4)<br>*Cabinet approved the recommendations in the report.* |
| Purpose of Consideration: | The Autumn Budget Statement would, in normal circumstances, be considered by the Informal Member Group on Budgetary Issues but time did not permit the IMG to consider this item at its 11 September meeting. |
| Possible Decisions: | The Constitution *(Appendix 4 Part 8)* requires the Committee to take one of the following decisions:-<br>(a) make no comments; or<br>(b) express comments but not require reconsideration of the decision; or<br>(c) require implementation of the decision to be postponed pending reconsideration of the matter by the Cabinet in the light of the Committee's comments; or<br>(d) require implementation of the decision to be postponed pending reconsideration of the matter by full Council. |
| Previous Consideration: | None. |
| Background Documents: | None. |

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Report to Cabinet – 17 September 2007

By: Paul Carter, Leader of the Council
Nick Chard, Cabinet Member for Finance
Peter Gilroy, Chief Executive
Lynda McMullan, Director of Finance

# AUTUMN BUDGET STATEMENT

**Summary**

This paper sets out the context, at both the national and local level, within which the County Council's medium term financial plan will be framed over the next three years.

There are three critical issues facing local government at the moment. The first issue is about the totality of resources that will be available at a national level for our services which will flow from the national Comprehensive Spending Review 2007 due in October. The second is about how those resources will be distributed to authorities through formula grant and specific grants, with the former having particular implications for authorities such as Kent who are currently floor funded. The government is currently consulting on changes to the formula grant and the deadline for response, to which the County Council will of course respond, is 10 October. The third is how we balance increasing demands on our services due to demographic and wider socio-economic change, government imposition of new burdens, climate and environmental change, rising customer service expectations and indeed our own aspirations for continued innovation and improvement in services at a time of nationally and locally constrained resources.

**Recommendations**

To note:-

**1. <u>National Context:</u>**

- that the outcome of the delayed Comprehensive Spending Review 2007 will inform the overall financial parameters within which we will be able to work
- that the subsequent local government finance settlement, which will be dependent upon CSR 07, will be the first full three year settlement for local government covering the period 2008-11

**2. <u>National Resources Position:</u>**

- key driver of resources for local government in total will be CSR 07
- pre-announcements for many central government departments include a raft of minus 5% in real terms per annum budget reductions - the funding position will therefore be significantly constrained
- awaiting spending announcements on the NHS, defence and local government amongst others
- Institute for Fiscal Studies suggests there may be a little as 0.4% real terms spending available for all remaining services not yet announced, after allowing for expected increases for the NHS

- currently there is a major consultation on reforms to the local government finance formula which will set the formula for the next three years
- outcome of local government finance settlement remains extremely uncertain both at national level and individual authority level

**3. Kent – Local Resource Allocation**

a) the items on which KCC and partners are most concerned are:

- the local impact of the Comprehensive Spending Review 2007
- the overall resources available to fund service pressures and inflation
- regional disparities, in particular flowing from the Barnett formula and other regional comparisons
- the funding of the Growth Agenda
- the operation of the main funding formula and its inbuilt deficiencies which fail to adequately reflect Kent's unique features
- the operation of Dedicated Schools Grant and its inbuilt deficiencies in terms of resource allocation and the total quantum of funding
- the burdens imposed upon us by government without adequate recompense in terms of additional funding
- a continued failure by government to assure us that it will fully reimburse asylum costs

b) KCC has been and will continue to lobby and influence the CSR as it progresses.

c) KCC has developed and strengthened its policy led budgeting yet further to ensure that it optimises the allocation of constrained resources to meet local priorities

d) the financial planning risks for KCC which are set out in paragraph 98 onwards of this report

e) the proposed Medium Term Planning key milestone dates set out in Appendix 1.

*Background Documents: None*

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Andy Wood, Head of Financial Management on 01622 694622
Ben Smith, Group Manager on 01622 694597

# AUTUMN BUDGET STATEMENT

## INTRODUCTION

1. This report is a key stage in medium term financial planning. It provides an opportunity to review both the national and local contextual issues that will shape our forward thinking for the next three years. It also gives direction to the necessary actions required to deliver the Council's policies and priorities and sets out the financial framework for the budget and medium term financial plan, which will be presented for formal agreement by Council next February.

2. The report is in two parts. Part 1 sets out the national context for the Council's financial plan over the next three years. In particular it looks at what resources will be available to local government from the national perspective. Part 2 is about delivering the medium term plan in KCC within the context of the likely distribution of the total national resource to Kent over the medium term.

## PART 1: NATIONAL FINANCIAL CONTEXT: RESOURCES

3. Budget planning takes place within the context of the national economic and public expenditure plans. This part of the report discusses the broad national assumptions within which the budget and medium term plan will be framed.

### The Economy and Public Expenditure

4. The Budget 2007, announced on 21 March, is the most recently published document setting out the government's view of the national economic situation and the public finances. Featured, were the plans to remove the 10 pence starting rate of tax, and to cut the basic rate of income tax from 22 pence to 20 pence from April 2008. The Chancellor reaffirmed that inflation is expected to stay at a 2.0% target rate, with CPI returning to target in the second half of 2007. The economy is expected to grow from 2.75% to 3.25% cent during the year, and from 2.5% to 3.0% in 2008 and 2009. The Chancellor will be presenting his pre-budget report in October 2007, which will provide updated forecasts of the public finances and will set the scene for the 2008 Budget.

5. The Bank of England's Monetary Policy Committee increased base interest rates on 5 July 2007 from 5.5% to 5.75%, the sixth rate rise since last August. Interest rates are now at their highest since March 2001. These decisions are reflective of continuing inflationary pressure in the UK economy (see below).

### Inflation in the Public Sector

6. Inflation is currently running at 1.9% (CPI July 2007). Whilst the trend in this figure is now downwards, primarily due to falling gas and electricity prices, it has previously remained well above the government's target rate. The rate has not previously been at or below the target rate of 2.0% since April 2006, and rose to a high of 3.1% in March 2007. In contrast RPI, the inflation measure which is used for benefits indexation, is currently running at 3.8% (July 2007). There is a particular upwards pressure on the RPI from mortgage interest payments (excluded in CPI) which have been rising as the base rate has risen. The interaction of higher interest rates and lower CPI has made trend patterns harder to establish for RPI but, until this month, the rate has been consistently above 4% since last December.

7. In the Chancellor of the Exchequer's Budget 2007 Statement, it was commented that whilst other economies had seen an inflation increase of over 3.0% at some points, because of rising oil and commodity prices, Britain had never gone over this mark. This is now not the case, the position being breached in March 2007 although the CPI is now beginning to fall.

8. Neither CPI or RPI may be the best rates to use when considering public sector inflation. One of the biggest difficulties in dealing with this area is to find any robust consistent method of measuring public sector inflation. The current methodology is derived from public sector outputs and has been revised many times by the Office for National statistics (ONS). The Chief Secretary to the Treasury has agreed in principle to develop a measure of public sector inflation but progress on its implementation has been slow and there has to be concern that part of the reason for delay is that if there is a measure available which demonstrably shows funding increases at a rate less than inflation that government will feel under pressure, and rightly so, to increase its funding for local government.

9. The Adam Smith Institute has previously set out an argument that shows that public sector inflation (PSI) has run at almost 5% per year since 1997. Our estimates, based on current budget data continue to be consistent with a local price inflation rate in excess of 5%.

**Government's Current Spending Plans**

10. Spending Review 2004, published in July 2004, set out the government's spending plans for the period 2005-06 to 2007-08. This remains the prime source of funding information for local government as a result of the delayed announcement of the Comprehensive Spending Review 2007. Until CSR 07 is announced we simply have no published macro economic intelligence to base our spending and financing assumptions on.

11. The Budget 2007 highlighted the following:
    - public spending (combined revenue and capital) is to increase by an average of 2.0% per year in real terms.
    - landfill tax to increase to £32 per tonne in 2007.
    - spending on education is to increase by 2.5% in real terms.
    - it is not clear how councils will pay for the increasing costs of the aging population, and the burdens in later years.

**Comprehensive Spending Review 2007 (CSR07)**

12. On 19 July 2005, HM Treasury announced the second Comprehensive Spending Review (the first being 1997), which will report in 2007. CSR07 will examine what the investments and reforms initiated to date have delivered and what further steps must be taken to ensure that Britain is fully equipped to meet the challenges of the decade ahead.

13. In July 2006 HM Treasury released an interim report on CSR07 called "Releasing the resources to meet the challenges ahead". This set out the key elements of a wider programme of public sector reform and for the activities to achieve better value for money and improved investment.

14. The Government will publish the second Comprehensive Spending Review, now later than anticipated, in Autumn 2007, which will set spending limits for 2008-09, 2009-10 and 2010-11.

15. It is anticipated that CSR07 will reflect the worsening of the economic situation in the country, and that increases in grant will be below that of previous spending reviews.

16. The projection of growth is expected to be 2.0% in real terms (combined for revenue and capital spending), i.e. in addition to the rate of inflation. Existing commitments for Health and Education, amongst others, will eat into this real term growth, meaning that some services will get markedly less.

17. Nine government departments have received early CSR07 settlements with Departmental Expenditure Limits (DEL) declining by 5% per year in real terms over the three years term of CSR07. The Home Office has agreed an early settlement that maintains its DEL in real terms over the CSR period.

**The ‘Four Block’ System**

18. In 2006-07, settlements began adopting a new ‘four block’ system for formula grant, which means that total assumed spending and formula spending shares (FSS) no longer exist.

The four blocks of the model are as follows:

i. Relative Needs Block – worked out using the Relative Needs Formulae (RNF), this is the equivalent to FSS
ii. Relative Resource Amount – takes account of different capacity to raise income for council tax (a negative amount for KCC)
iii. Central Allocation Amount – allocated on a per capita basis
iv. Floor Damping Block – to ensure that all authorities receive the minimum grant increase

19. The four block system is less transparent than the previous FSS system, and it is harder to explain to key stakeholders. This is because it is no longer possible to easily find out the total the government is prepared to support through grant and how much of this is assumed to be financed by councils’ own resources (i.e. council tax).

20. Government is currently consulting on changes to the formula funding (deadline for response is 10 October 2007) and it is expected that these changes will be announced at the same time as the three year settlement in late November or early December. This adds further uncertainty to the overall funding package making it incredibly difficult to plan with certainty now. KCC will of course comment vigorously on the proposed changes to ensure the best outcome for Kent residents and argue for a fair share of the resource allocation.

**Education Funding and Dedicated Schools Grant**

21. The DfES (now the Department for Children, Schools and Families) launched its five-year strategy for Children and Learners in July 2004, which set out key reforms including guaranteed three-year budgets for every school from 2006, tied to the CSR cycle and geared to pupil numbers, with every school also guaranteed a minimum per pupil increase each year. The DfES introduced this funding mechanism in the form of Dedicated Schools Grant in 2006-07. Indicative funding was announced for 2006-07 and 2007-08. A consultation took place in early 2007 about potential changes to this funding system for the period 2008-11 and decisions on that were announced on 25 June 2007..

22. The recent June announcements mean that the risks that we identified with the DSG system when it was introduced will continue for the next three years. Decisions on schools budgets will still have to be taken before DCSF announce the final DSG, due to lags in the DCSF systems for processing and verifying pupil data. Local decisions therefore have to be based

on indicative allocations with a mechanism to deal with under and over allocations. This was a significant issue for us in 2006-07.

23. The recent announcements do not change the fact that the funding arrangements seem to be based on an assumption that there is a national “one size fits all” solution to the funding of schools. The new system leaves little room for changes to reflect local needs and priorities. It also assumes that at the point in time that these changes were introduced the local schools formula was “right”.

24. On top of this, subsequent DCSF announcements have led to increased spending pressures on schools and the authority. The most significant of these was in relation to the Teachers Pension Scheme. The employers’ contribution has increased from 13.5% to 14.1% from 1 January 2007. The estimated annual impact is £2.4m which had to met by schools from other savings as this was not funded within the national DSG settlement.

25. There are immense pressures from Government stated commitments and priorities. By 2008/09, there is estimated to be an excess pressure of £11m on DSG funded services and no funding headroom to pay for this. The only option to close the gap other than cutting services would be to top up funding from council tax. But with funding pressures of our own it is wholly unacceptable to expect local taxpayers to top up a supposedly nationally funded schools service.

26. The overall impact of these changes has meant that the supposed headroom that the authority has (which is the difference between overall DSG funding increases and the amounts that have to be passported to schools and schools spending under the funding guarantee) may well become negative.

27. The decisions about the future funding framework that were announced in June 2007 include some significant longer term changes in respect of funding for schools and early years, Subsequent announcements have made it clear that by 2010 all funding for 16-19 year old students in schools and <u>FE Colleges</u> will be removed from the LSC and returned to local authorities through the DSG. By 2010-11 we have to have established a single local formula for all early years funding (maintained and PVI). By 2011-12 there should have been a wider review of the national methodology for DSG distribution to local authorities , from which a single formula for all should be announced. This could adversely affect Kent.

28. For KCC, there is a further particular concern in relation to the funding of those parts of the DSG that cover Early Years and non-delegated items such as spending on the , Education Welfare Officers (EWOs), Attendance & Behaviour Services, Pupil Referral Units etc. As a first call the DSG must fund the nationally set minimum per pupil increases in schools (the minimum funding guarantee), which means that the resources available in the DSG for the other services such as these may be squeezed to unacceptable levels. This is particularly an issue in terms of the early years funding for the PVI sectors where the DCSF announcements have built up a degree of expectation about improved funding despite the fact that there are no indications about any extra money being made available in the DSG. More detail on this is still emerging but we are unlikely to have any detailed information until CSR07 is announced in the late autumn.

29. There are continuing worrying issues in relation to new responsibilities and pressures for schools. The June announcements were clear that the DSG will include “substantial assumptions about the (cash) efficiencies schools will be expected to achieve over the next three years“ Schools are already having to make efficiency savings in order to balance their budgets because of the impact of falling rolls so this is effectively a “double hit” on them, exacerbated by the fact that local authorities will be required to claw back 5% of each schools reserves. It is crucial that the government correctly estimates and funds the costs

of pressures on the DSG. Alongside this there is the concern that there are no national mechanisms in place to reflect significant local pressures on schools – such as the big price increases schools face when long-tem contracts for services such as energy, catering and cleaning come up for renewal – apart from squeezing that element of the DSG that funds other local authority services for schools and pupils. It was this failure to properly assess the costs that led to the national funding "crisis" in 2003.

**Local Government White Paper 2006: Strong and Prosperous Communities**

30. The Local Government White Paper was published on 26th October 2006. The paper indicates the next stages of public reform, and aims to 'enable effective local services and create better places, through new relationships and better governance' (Strong and Prosperous Communities, January 2007).

31. The paper encapsulates two big themes, both focused on empowerment. First of all, it proposes devolving more power to the local community, allowing more choice and greater opportunity for locals to have a say in how their local services are run. In order to achieve this, there needs to be a greater devolution of power from Whitehall to Town/County halls, to allow local authorities to be at the 'heart of sustainable communities'. The paper realises the importance of local knowledge, and the need for local authorities to be leaders and place-shapers. It acknowledges that communities must be at the centre of reform.

32. The Government has implemented a plan to execute the key proposals from Volume One of the White Paper. The plan has been informed by the Local Government Association (LGA), the Audit Commission and the Improvement and Development Agency (IDeA), and will be updated on the Communities website every six months and/or when major milestones have been met so as to keep it relevant and up to date. There are five main workstreams:

- Workstream 1 Local Government and Public Involvement in Health Bill
- Workstream 2 Performance
- Workstream 3 Governance and empowerment
- Workstream 4 Cities and regions
- Workstream 5 Community cohesion

**Lyons Inquiry into Local Government**

33. The Lyons Inquiry final report was published on the 27 March 2007 after much delay. The report was an independent inquiry into the role, function and funding of local government.

34. In the months preceding the Lyons Inquiry, staff held consultative events across the country for local people and business representatives. The Inquiry was also represented at various conferences on public and voluntary sector issues.

35. Sir Michael Lyons asserted the following:

- That local government is pivotal to the survival of communities, by offering greater choice and flexibility.
- That there should be a new partnership between central and local government. There needs to be devolution of decision making powers from central to local government, and at the same time, the latter should engage more effectively with its local people.
- Council tax is not 'broken', but is seen as unfair.

36. Recommendations included:

- ring fenced grants should be reduced, thereby decreasing control from central government. Other ways of improving flexibility include ending the capping of Council tax; levying a supplementary business rate; and a new power to charge for domestic waste to help manage pressures on council tax.
- council tax benefit should be renamed a rebate, so as to break down barriers of those who feel a stigma about collecting benefit (there is currently £1.8billion of unclaimed council tax benefit). The saving limit of pensioners should also be raised to £50,000. Ultimately, council tax should be updated, possibly by adding 2 new bands (one higher and one lower), and houses should be revaluated more frequently.
- there should be a more independent public voice informing the public and parliament about the contribution of national taxation, thereby improving the transparency of the funding system.
- local prosperity and growth should have further incentives, initially through the reform of the Local Authority Business Growth Incentive Scheme (LABGI).
- in the medium term, it should be considered whether to proportion a fixed amount of income tax to local authorities. There should also be more incentives within the grant scheme.
- consider the introduction of a tourist level in some areas.
- in the long term, it might be beneficial to consider radical changes such as a local income tax, but much more public support and understanding is necessary than currently exists.

37. The recommendations on both local government finance and the future role and responsibilities of councils could take many years to implement.

**National Spending Pressures**

38. The Chancellor of the Exchequer has placed affordable housing as one of his main priorities, asserting that 3 million new homes will be built by 2020 – an increase of 250,000 from the previous plan.

39. Long term challenges as likely to be identified in the CSR07 include the global climate, waste, increases in the old age dependency ratio.

40. A draft Climate Bill was published in March 2007 to set targets for reducing carbon emissions. An Education Bill will raise the compulsory age of school leavers from 16 to 18.

41. The three biggest areas of funding strain are health, housing and education.

**Local Government Pension Scheme**

42. The regulatory framework for the new LGPS scheme will come into effect from 1st April 2008.

43. To address the general trend of increased life expectancy (and therefore pensioners claiming their pension for longer), the new scheme aims to make the LGPS more affordable and sustainable. Removing the 85 year rule, those who retire under 65 will receive slightly less, where those who retire later receive the full benefits. It is however, payable for a longer period for all involved continuing the overall strain on the pension fund.

44. On average, employers pay in twice as much as employees do- meaning this will also be payable for longer. The Government wanted to ensure no additional costs were imposed on the taxpayer, so plans are to be in place by March 2009 to have a mechanism of sharing future costs pressures. The actuarial valuation of the new scheme will not be until 2010,

and individual fund actuaries will set new employer contribution rates to take effect on 1 April 2011.

45. In the meantime we are currently faced with the triennial revaluation of the scheme in transition as at 31 March 2007 and the results will be known in late October. On balance, though, there appears to be some additional upward pressure on employer contribution rates to come due to longevity despite good investment performance. The recent market turbulence will have no impact on this triennial valuation.

**Care Matters – Time for Change White Paper**

46. Building on the Green Paper, Care Matters: Children and Young people in Care, this White Paper sets out the steps the Department for Education and Skills (now the Department for Children, Schools and Families) and local delivery partners will take to improve the lives of children in care.

47. The Paper sets plans for the increased stability of care placements; ensuring children are in school and making good progress; ensuring children in care have access to leisure and recreation activities; making sure the children have a voice which is heard by councils.

48. Financial methods to take effect include the provision of £500 per year for a child in care's education and introducing a national bursary of £2,000 for all young people in care that progress to higher education. There are also to be pilot programmes placing young people up to 21 years old in foster care. The implications these will have on resources will likely require additional funding.

49. The White paper does provide additional funds to implement these changes, namely £89/£96/£107 million over the 2008-11 CSR07 period. £22.5million of this will be specifically for a dedicated change fund but it is not clear how this will actually be allocated.

50. The LGA suggest there is a lack of attention in the paper to the weak links in place between the Youth Justice system and children in care; and also the issues for asylum seeking children.

**Interaction of services with the NHS**

51. There is a continued grey area between the NHS and local authorities in the responsibility for provision of some aspects of health and social care. The well documented and reported upon funding crises affecting aspects of the NHS are beginning to be felt by local authorities. KCC is no exception to this pattern.

52. The LGA has published a report following a study of local authorities operating in areas where NHS trusts are in deficit. Returns were received from 55 of the 78 local authorities in those deficit areas. Of these, 67% indicated that the deficit had had an adverse effect on the authority. It demonstrates that trusts have adopted a number of cost-cutting measures that have impacted on councils, including:
- The withdrawal of funding from jointly funded projects
- A sharp increase in the referral of patients that would normally be cared for by the NHS
- Paying no more than one per cent inflation on existing joint contracts
- Closure of beds

53. Measures local authorities have adopted to cope with the cutbacks have included:
- Withdrawing services from people with lower-level care needs
- Increasing waiting times for social care assessments and services

- Outsourcing more services
- Transferring resources from other services – including leisure facilities and transport
- Using budget reserves
- Negotiating with – or taking legal action against – the NHS over the non-payment of bills

54. The Audit Commission has reviewed several aspects of the funding of the Health service, and published three reports, all of which have a bearing on this. The main themes identified were:
    - The increasing severity of the deficits, and the concomitant difficulties of recovering from these
    - The needs for appropriate skills, leadership and cultures to be developed within the NHS organisations
    - The importance of a robust financial management framework to support radical service configurations, where these are deemed to be necessary

55. The position in Kent is that the overall Health economy was in deficit in 2006-07 *(check?).* Work is underway in the current year to develop and implement turnaround plans, but the scale of the challenge should not be under-estimated. A review has been commissioned by KCC. Emerging findings for KCC include:

    - The robustness of financial management and organisational frameworks in PCTs during reorganisation
    - The level of management capability within the acute sector to deal with ongoing financial problems, particularly at East Kent Hospitals
    - How the new SHA will balance its efforts between the Kent and Surrey areas to ensure that the recovery programme in Kent does not falter, whilst accelerating the pace of recovery in Surrey and Sussex

56. The purpose of the report is to ensure that there is a robust understanding of the current position across the county, on which all further discussions and agreements can be based. At the same time, managers are working carefully to ensure that the risks and uncertainties arising from the difficult financial environment do not impact on services or service users. The budgetary risk is also being carefully monitored; and where appropriate Health decisions are being challenged. There will continue to be risk for the council's social care services all the time that the Health economy locally is so stretched. However, it is also clear that there can be no resolution to this difficulty unless the council is constructively engaged.

57. The new Health Secretary Alan Johnson has announced a review of the NHS to inquire how the service should be run over the next decade. The review is to be completed by July 2008. British Medical Association discovered in June 2007 that only a third of the public believe Labour's reforms have improved the NHS (Public Finance, July 2007). Some of the main issues for the public are access to GPs (including opening hours), unfriendly staff, and contracting infections whilst in hospital. An answer might be a new NHS Bill of Rights.

58. The Government published the Local Government and Public Health Bill on the 13 December 2006.

59. In order for local Councils to take greater share of responsibility in public health and health services, central Government is abolishing the Patient and Public Involvement Forums and the Commission for Patient and Public Involvement in Health are to be abolished. This is to take effect by 31 December 2007, and will be replaced by the Local Involvement Networks (LINKs). The prime function will be to *gather information and make the views of the public know about local health and social care services* (KCC meeting, 23 January 2007). LINKs

will apply to all councils that are responsible for Social Services. Whilst the administration will be outsourced, Dover District Council and its Primary Care Trust have agreed to be a pilot.

**Differences across the UK**

60. It is also perhaps worth noting and contrasting the different funding levels that exist between England, Wales, Scotland and Northern Ireland at a time when the balance of funding is being reviewed. The Barnett Formula, which was introduced in the seventies, and has not been reviewed since, results in substantially more public spending in these countries than in England. It is time that the formula was reviewed to see if it still accurately reflects relative needs.

**Table 1 - Public expenditure by region/country**

| Country/Region | Spend £ per head of population 2006-07 plans |
|---|---|
| England | 7,121 |
| Of which South East | 6,304 |
| Scotland | 8,623 |
| Wales | 8,139 |
| Northern Ireland | 9,385 |

(Source: HM Treasury: Public Expenditure Statistical Analysis, 2007, table 9.11)

**Council Tax Increases**

**(a) Sustainability of Council Tax Increases**

61. Council Tax has been increasing at a level significantly above inflation for a number of years.

62. The government expects council taxpayers in the South East, excluding London, to bear a much higher proportion of spending than in other regions, particularly in the North and Midlands. Table 2 shows that the proportion of spending borne by the council taxpayer is around 54% in the South East in 2007-08, but around 42% in the North East.

**Table 2 – Funding, Grant and Council Tax in 2007-08**

| Region | Proportion of Budget Requirement met by council tax<br>% | Grant increase<br>% | Increase in Band D for all tiers<br>% | Average council tax per dwelling<br>£ |
|---|---|---|---|---|
| **Kent** | **47.3** | **2.7** | **4.9** | **1,152.12** |
| **South East** | **54.3** | **3.4** | **4.4** | **1,254.84** |
| South West | 55.7 | 4.3 | 4.5 | 1,157.69 |
| Eastern | 47.1 | 4.2 | 4.5 | 1,183.31 |
| East Midlands | 40.1 | 4.5 | 4.1 | 1,036.40 |
| West Midlands | 42.1 | 4.0 | 4.1 | 1,019.50 |
| Yorkshire & Humber | 46.0 | 3.6 | 4.2 | 958.86 |
| North West | 43.3 | 3.7 | 4.4 | 1,002.10 |
| North East | 42.5 | 3.5 | 3.8 | 966.94 |
| London | 42.2 | 3.4 | 3.6 | 1,167.34 |
| England | 45.1 | 3.8 | 4.2 | 1,101.19 |

Source: Communities 2007-08 Settlement data; CIPFA council tax statistics 2007-08

**(b) Capping**

63. KCC and the LGA are both opposed to capping. Ministers have reiterated that the government is prepared to use its capping powers to protect council-tax payers from excessive increases where necessary.

64. Ministers have indicated that increases in excess of 5% will be subject to scrutiny and run the risk of capping.

65. Although 35 authorities had increases that exceeded the stated 5% (in many cases because police authority precepts rose substantially in many areas) no authorities were actually capped in 2007-08.

66. However, no formal decisions have been taken at this stage on capping next year and beyond.

67. The Lyons Inquiry asserts that capping should be dropped. The government have dismissed this recommendation.

## PART 2: DISTRIBUTION OF RESOURCES IN KENT

### Provisional settlement 2008-09 to 2010-11

68. Due to the delayed CSR 07 announcement we have no formal basis for making any deliberations about the detail of our grant settlement from government for the next three years

69. All we know with certainty is the existing grant and the overall macro economic picture. We are therefore explicitly assuming a standstill position in grant terms for the County Council for the next three years. This also assumes floor funding protection at 0%.

**Table 4 – Formula Grant for KCC as announced at 2006-07 Settlement**

| Formula Grant | 2006-07 £m | 2007-08 £m |
|---|---|---|
| 2006-07 Settlement | 226.2 | |
| 2006-07 Adjusted for specific grant and function changes | 222.7 | 228.7<br>+ 2.7% |

70. It is unclear at present what specific grant and function changes will be reflected in the provisional and final 2008-11 settlements. Although the governments New Burdens doctrine is meant to recompense for function change at a national level it is not always clear that this is the case and furthermore distributional impacts on individual authorities at a local level can vary enormously. Where we are disadvantaged we will have no option, given the likely overall tight settlement, but to consider ceasing services where government ceases to financially support us adequately.

**KCC Input to Comprehensive Spending Review 2007 (CSR07)**

71. KCC has been and will continue to lobby and influence the CSR as it progresses. KCC has produced a document *Input into Comprehensive Spending Review 2007*, which provides information about the shortfall in funding that Kent suffers. This was submitted to HM Treasury on 26 May 2006.

72. We believe KCC has been under-resourced for some time and CSR07 is the appropriate juncture for the Government to take stock of resource allocation

73. In addition to this we believe that KCC does not receive the appropriate level of regional funding. Data from Public Expenditure Statistical Analysis (PESA) shows that the South East has one of the lowest regional Government spending per head of population with £6,304 per head in 2006-07, compared to £8,177 per head in North East and £8,623 in Scotland.

74. *Input into Comprehensive Spending Review 2007* makes proposals that Kent County Council urges the Government to take forward to address the potential shortfall in funding.

**Local Area Agreements and Local Public Service Agreement 2**

75. SR 2004 proposed the development of Local Area Agreements (LAA), a single framework operating at the local level to provide additional funding to areas. These involve government departments, local authorities and voluntary and community bodies coming together to agree where best resources might be allocated.

76. The Local Area Agreement is between Kent County Council, working with the Kent Partnership and other local partners, and the Government. The agreement covers the period 1 April 2005 to 31 March 2008 and comprises a set of 18 outcomes. These had been developed and agreed by a very wide range of partners across Kent. The indicators and targets are likely to change in the CSR07. Along with the outcomes, the other two core elements of the LAA are negotiating freedoms and flexibilities to assist delivery of the outcomes and the identification of funding streams to support delivery.

77. The Local Public Services Agreement 2 (LPSA2) has been developed alongside the LAA and all of the LPSA 2 targets contribute to the LAA. The total amount available on successful conclusion of all targets in LPSA2 is in the region of £36 million for all Kent partners and £32 million for KCC alone. We estimate KCC and its partners are likely to receive in the order of £23 million.

78. We are currently negotiating with government the second local area agreement. Government has indicated these will be delayed beyond 1 April 2008 and the implications

for wave 1 pilot authorities such as KCC whose first agreement runs out on 31 March 2008 are still being worked through.

79. We trust though that the announcements by the Local Government Minister on 3 July of a "new concordat between central and local government" and the announcements of the Chief Secretary to the Treasury on 18 July announcing a reduction in the number of PSA targets and a culture shift away from the strict target driven regime of the past decade will be reflected in the reality of a new LAA and not remain rhetoric.

**The Efficiency Agenda**

80. The report in July 2004 by Sir Peter Gershon on "Releasing Resources for the Frontline: Independent Review of Public Sector Efficiency" required 2.5% efficiency savings per annum for Local Government. KCC's Medium Term Plan sets out a commitment to deliver more than £86m of budget savings and income generation over the next three years. In addition we are identifying other savings where we have increased quality or quantity of services within the same budget.

81. We have consistently met and indeed exceeded the government's Gershon efficiency targets.

82. It was revealed in the Pre-Budget report 2006 that the efficiency saving will increase to 3% per annum. This might not necessarily be 3% for all services, so will schools be more than or less than the 3%? This detail is likely to be published alongside the CSR07. If it is indeed 3% across all services, then around £31m per annum will be cashable for schools and £32m per annum for non-school services - an ultimate of £63m cashable per annum. We expect this will be contained within the overall grant settlement, hence the assumed 0% per annum increase in formula grant. This efficiency target will get increasingly difficult to meet, given that in the past three years we have delivered some £90 million of efficiencies. The compounding effect of a further three years of 3% efficiency savings will be a huge challenge. An indication of the quantum of such efficiency savings, assuming a straight 3% across the board, is shown as a guide in Appendix 3.

83. Councils are required to submit Annual Efficiency Statements to the Department for Communities and Local Government setting out actions they have taken and cumulative efficiencies identified and ultimately achieved.

84. The drive for efficiencies and savings is not a new one for KCC. Savings in the published budgets of KCC amount to a cumulative £141.8 million between 2000-01 and 2006-07.

85. KCC submitted its first backward looking Annual Efficiency Statement for 2004-05 in June 2005 which set out achieved efficiencies of £21.8m. The second backward look Annual Efficiency Statement for 2005-06 set out achieved efficiencies of £21.9m. The third backward look Annual Efficiency Statement for 2006-07 set out achieved efficiencies of £17.9m. The forward looking Annual Efficiency Statement for 2007-08 sets out planned efficiencies of a further £30.7m.

86. Total efficiency savings of £90.3m have been or are planned to be achieved. Compared to the target saving of 2.5% per annum our performance represents an over achievement of some 72% against target.

**Comprehensive Performance Assessment**

87. On 22nd February 2007, it was announced that the KCC had achieved the highest 4 star rating for its annual CPA for the fifth year running, and that its direction of travel is 'improving strongly'. Many of the services have risen to new heights, for example the Culture score has gone from a rating of 2 to 4.

88. Only one other county council was rated four star, judged to be 'improving strongly', and awarded the highest mark for use of resources. Of the two county councils we had the lowest Band D Council Tax.

89. At the end of January 2008 a full corporate assessment inspection will take place, combined with an assessment on services for children and young people. This will be the most significant review the council has undergone since 2002. The Comprehensive Area Assessment will take place in 2009.

**Growth Agenda**

90. KCC's medium term planning needs to be seen in the context of Kent's housing growth and consequent wider infrastructure and investment needs. This is set out in "What Price Growth". The scale of development being sought by the Government will affect the whole of Kent and pose a huge financial challenge over the next 20 years. The Government has not yet fully recognised the scale of the investment in local services required by its plans for housing development in the South East.

91. KCC has been working with partners to assess the investment contribution that will be needed in the wider public sector to meet the scale of the growth in the county. We have developed models to assist in this assessment of our investment needs and the revenue impact of that investment. It is this context that we will continue to be urging the government that data on population numbers should be projected where possible for growth areas, and that any time lags should be avoided if at all possible.

92. The County Council will work together with the Government and across the public sector to maximise funding streams from other investment sources such as PFI and PPP where these offer value for money, as well as exploring Kent retaining a proportion of the additional business rates generated by new commercial development.

93. KCC's decisions on our Medium Term Capital Programme must be weighed against the scale of the Government's continuing support for borrowing and grant funding, the new prudential borrowing regimes, and the County Council's total borrowing and our ability to service this through revenue funding.

94. Some specific service issues affect authorities such as KCC. The shortage of land in the South East affects waste management costs, through higher capital costs of new facilities for recycling and incineration, as well as land fill.

95. The Government's "Building Schools for the Future" programme, which aims to transform the property estate of secondary schools, has seen initial work in Kent begin in 2007, KCC having been announced as part of tranche 3 of the programme. This has occurred because our educational performance (assessed by % of 5 A*-C at GCSE), is in the top quartile.

96. Over the past six years, in particular, the level of capital expenditure provided for by the government in public expenditure plans has increased significantly, particularly for building works at schools. At the same time, however, there has been a marked swing towards borrowing rather than capital grant, to pay for this welcome investment. In 1994-95 borrowing accounted for 59% of government capital approvals but by 2003-04, just prior to

the introduction of Prudential Borrowing, that had risen to 74% of approvals. The majority of capital expenditure based on government capital directions is therefore in the form of supported borrowing rather than government capital grant. This has obviously had a direct impact upon KCC's level of debt.

97. A further point to note on capital financing is that the revenue costs of the debt are picked up through the Capital Financing component of grant. However, on average only about 90% of the increase in borrowing is met through increased grant, leaving some 10% to fall on council tax. If, as anticipated, KCC receives only a floor level increase in grant next year, any increase in the cost of borrowing is all likely to fall on council tax.

**Financial Planning Risks**

98. All our resourcing and spending assumptions are based on the Government's expressed views about levels of council tax, increases in government grant and funding for Kent schools.

99. This year we face considerable uncertainty over funding both for next year and the following few years. We have the following to take into account:

- CSR07
- Uncertainty of whether a floor funded authority
- Uncertainty over formula grant changes
- Uncertainty over specific grant changes
- Size of the unfunded spending pressures growing each year (to £1,206m in 2017-18)
- On-going risk of not recovering costs of supporting Asylum Seekers.

100. There is uncertainty over the burdens that may be imposed upon local government by a number of new bills before parliament:

- Housing and Regeneration Bill
- Health and Social Care Bill
- Children in Care Bill
- Education and Skills Bill
- Planning Reform Bill
- Planning Gain Supplement Bill
- Climate Change Bill
- Local Transport Bill
- Criminal Justice Bill
- Coroner's Bill

101. There is a risk to the LABGI scheme. KCC has argued the current scheme is not operating as it should do. Other authorities, with specific issues, have gone further and sought judicial review of the government's operation of the scheme. On 31 July 2007, two councils won their judicial review that the government had not operated the scheme correctly. Government has undertaken to resolve the uncertainties that this now causes but we await further detail of how exactly this will be resolved.

102. Our key assumptions on the budget and medium term plan for the County Council are therefore:

- 0% grant increase for each of the next three years given the likely constraints imposed upon us by CSR 07 and the three year local government finance settlement
- 5% maximum increase in council tax per annum given the threat of capping

- Council Taxbase grows by 1% per annum
- 2% limit on pay having due regard to the Chancellor of the Exchequer's stipulation to all pay review bodes that public sector pay increases must be contained within that limit.
- That specific grant changes and risks do not adversely move against us, but if they do and funding is directly reduced, we will have no option but to reduce services
- That Dedicated Schools Grant is sufficient to meet all government promises on service extension and minimum funding guarantees
- That costs of asylum seekers are fully met and reimbursed by government
- That we have fully captured updated pressures on our services (pay, prices, demographics, legislation)
- That resources are aligned to policy priorities
- That we deliver significant efficiencies and savings in specific services and through a series of cross cutting reviews of services

103. Taking these assumptions we anticipate that the overall budget position will be as follows

| | **2008-09** | **2009-10** | **2010-11** |
|---|---|---|---|
| | **£'000** | **£'000** | **£'000** |
| Base budget | 744,266 | 771,189 | 803,988 |
| Base adjustments | 494 | 0 | 0 |
| Pressures (see Appendix 2) | 66,515 | 67,614 | 66,049 |
| Savings and Income Generation | -40,086 | -34,815 | -31,221 |
| **Budget Requirement** | **771,189** | **803,988** | **838,816** |

104. Cash limits for individual portfolios will be set having due regard to our policy priorities. Our priorities will have due regard to spending pressures, demographic change, legislative imposition and local choice. The indicative pressures listed in appendix 2 will be scrutinised very closely as we go through the budget process. There will inevitably be changes to this as that process develops.

105. The overall scale of the gap between what we would wish to spend and what we are likely to be able to afford, and the consequential savings target, is likely to be consistent with the overall 3%, government imposed Gershon target over the medium term (estimated at around £104 million, in appendix 3).

**Reserves**

106. The Director of Finance is required to consider the adequacy of the authority's reserves as part of the budget process. Our existing strategy is to take a view about the balance of risk on our medium term financial plans in order that we maintain sufficient levels of reserves to meet such risks. It is our view that with £25.8m of general reserves (at 31 March 2007) this is achieved but will be reviewed, as normal, during the budget process.

**Appendix 1 – Timetable**

**Key Milestone Dates**

| ***What*** | ***Who*** | ***When*** |
|---|---|---|
| Autumn Budget Statement | Cabinet | 17 September |
| Opportunity for Cabinet Scrutiny to consider Autumn Budget Statement | Cabinet Scrutiny Committee | 27 September |
| Public consultation on budget | Cabinet Member for finance, finance officers, MORI, district council representatives | 22 & 29 September |
| Respond to formal consultation on formula grant changes | Budget IMG, Cabinet | 10 October |
| Comprehensive Spending Review 2007 announced by government then analysis and interpretation for impact on KCC 2008-11 | Cabinet | 15 October (*timing not yet announced by government)* |
| Review of budget proposals and overall pressures, impacting upon the relevant directorates | Policy Overview Committees | 7 – 20 November |
| Provisional Settlement – announcement by government and then analysis and interpretation for impact for KCC 2008-11 | Financial Strategy Group – briefing for all members | Late November / early December (*timing not yet announced by government)* |
| Update on Provisional Settlement and review of corporate budget strategy (if announced - see above entry) | Cabinet | 3 December |
| Chancellor of Exchequer Pre-Budget Report | Financial Strategy Group | December (*timing not yet announced by government)* |
| Budget proposals published and press conference | Cabinet | 21 January |
| Review of budget proposals and overall pressures, impacting upon the relevant directorates | Policy Overview Committees | 25 – 31 January |
| Final settlement for 2008-09 | Cabinet | Late January/ early February (*timing not yet announced by government)* |
| Opportunity for Cabinet Scrutiny to consider proposed budget | Cabinet Scrutiny Committee | 1 February |
| Cabinet recommends budget to Council | Cabinet | 6 February |
| Council sets budget and precept | Council | 19 February |

## Appendix 2 – Indicative Pressures

| | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **Existing pressures** | | | |
| Pay | 8,869 | 7,673 | 0 |
| Prices | 15,626 | 17,390 | 0 |
| Government/Legislative | 8,181 | 5,771 | 0 |
| Demand/Demographic | 4,525 | 5,738 | 0 |
| Towards 2010 | 5,165 | 3,350 | 0 |
| Schools Budget | 33,850 | 20,072 | 0 |
| Dedicated Schools Grant Increase | -38,187 | -26,449 | 0 |
| Service Strategies and Improvements | 13,104 | 15,167 | 0 |
| | | | |
| **Sub-total** | **51,133** | **48,712** | **0** |
| | | | |
| **Major new pressures** | | | |
| Prices – Private and Voluntary sector purchasing Increased prices | 534 | | |
| Prices – impact of freedom pass | 300 | | |
| Government - Looked After Children pledge | 1,401 | | |
| Government - Early years pressures | 1,259 | | |
| Government - Care Matters | 911 | | |
| Legislative - Landfill Tax escalator | 950 | 950 | 950 |
| Demand – residential care | 1,000 | | |
| Demand - Other fostering pressures | 537 | 233 | |
| Demand - Increased demand for Adult Services | 3,354 | 2,602 | |
| Demand - for Coroners/YOS services | 300 | | |
| Service Strategies and Improvements - Increased Highways spending | 5,000 | | |
| Service strategies and Improvements – Corporate Communications | 350 | | |
| Service strategies and Improvements - Financing capital programme | | 5,615 | 10,000 |
| Pay new year provision | | | 9,392 |
| Prices new year provision | | | 15,024 |
| Legislative new year provision | | | 7,351 |
| Demand new year provision | | | 7,924 |
| Schools Block new year provision | | | 28,036 |
| DSG new year provision | | | -35,903 |
| Expected pressures to emerge - not yet fully identified | | 10,000 | 23,400 |
| | | | |
| Other changes – net impact including revisions to existing pressures | -514 | -498 | -125 |
| | | | |
| **Total pressures** | **66,515** | **67,614** | **66,049** |

**Appendix 3 – Assumed savings requirement at 3% (Gershon) per annum**

| | 2008-09 £'000 | 2009-10 £'000 | 2010-11 £'000 |
|---|---|---|---|
| Operations, Resources and Skills (CFE)* | 4,875 | 4,875 | 4,875 |
| Children, Families and Educational Achievement* | 3,989 | 3,989 | 3,989 |
| Adult Services | 12,822 | 12,822 | 12,822 |
| Environment Highways and Waste | 4,073 | 4,073 | 4,073 |
| Regeneration and Supporting Independence | 314 | 314 | 314 |
| Communities | 2,991 | 2,991 | 2,991 |
| Public Health | 0 | 0 | 0 |
| Corporate Support | 1,418 | 1,418 | 1,418 |
| Policy and Performance | 115 | 115 | 115 |
| Finance | 4,193 | 4,193 | 4,193 |
| | | | |
| Indicative Gershon savings target | **34,790** | **34,790** | **34,790** |

* These reflect new titles for CFE portfolios – likely to be further virements between the two portfolios as detailed budgets and responsibilities refined.

The savings requirements are calculated as 3% of gross 2007-08 budgets. Adjustment has been made to the education targets to **exclude** savings expected to be contained within Dedicated Schools Grant. These are estimates in advance of the publication of the government's updated Efficiency Technical Note which will set out detail on the overall target required.

**CABINET SCRUTINY COMMITTEE – 26 SEPTEMBER 2007**

| | |
|---|---|
| Report Title: | **Fairer Charging Policy for Home Care and other Non-Residential Services (Domiciliary Charging Policy) (Decision 07/00967)** |
| Document Attached: | Report to Cabinet Member for Adult Social Services published on 12 September 2007. |
| Purpose of Consideration: | (a) to examine how the proposed charging policy changed as a result of the responses to the consultation exercise;<br>(b) to examine how Kent's charging policy compares with that of other authorities;<br>(c) to explore the likely impact on clients;<br>(d) to examine how charges vary between different parts of Kent;<br>(e) to examine the effect on charges of the use of commercial agencies for domiciliary care rather than in-house staff. |
| Possible Decisions: | The Constitution *(Appendix 4 Part 8)* requires the Committee to take one of the following decisions:-<br>(a) make no comments; or<br>(b) express comments but not require reconsideration of the decision; or<br>(c) require implementation of the decision to be postponed pending reconsideration of the matter by the Cabinet Member in the light of the Committee's comments; or<br>(d) require implementation of the decision to be postponed pending reconsideration of the matter by full Council. |
| Previous Consideration: | None. |
| Background Documents: | None. |

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Decision No. 07/00967

| | |
|---|---|
| To: | Kevin Lynes, Cabinet Member, Adult Social Services |
| By: | Oliver Mills, Managing Director, Kent Adult Social Services |
| Subject: | FAIRER CHARGING POLICY FOR HOME CARE AND OTHER NON-RESIDENTIAL SERVICES (DOMICILIARY CHARGING POLICY) |
| Classification: | Unrestricted |

Summary: This report summarises the response from the consultation on proposed changes to the Domiciliary Charging Policy. The Cabinet Member for Adult Social Services is asked to consider the response to the consultation and approve the recommendation.

## 1. Introduction

1.1 The Department of Health issued the Fairer Charging Policy Guidance, under cover of the Local Authority Circular LAC (2001) 32. This sets out the broad framework for councils to ensure that charging policies are fair and operate consistently with the overall national social care objectives. The guidance was issued under Section 7 of the Local Authority Social Services Act, 1970. Councils must, therefore, adhere to any guidance issued under Section 7 by the Secretary of State.

1.2 The revenue budget for 2007/8 was approved by the County Council on 22 February 2007. As a result of the major pressure on Adult Social Care, the cash limit included additional income from domiciliary charges of £628,000, in order to enable KCC to retain eligibility criteria at the moderate level so that many disabled and older people could continue to receive a range of preventative services.

1.3 Users and carers, County Council Members, Kent Members of Parliament and Kent Adult Social Services staff have been kept informed of developments and progress through a number of communication channels such as letters, briefings, meetings and workshops.

1.4 The purpose of this report is to provide the Cabinet Member for Adult Social Services with a summary of the outcome of the consultation process in order for him to be in a position to take a decision on the proposed Policy. Proposed changes to KCC's Domiciliary Charging Policies were reported to the Adult Services Policy Overview Committee on 24 April 2007, prior to consultation.

## 2. Overview of the Fairer Charging Policy

2.1 Section 17 of the Health and Social Services and Social Security Adjudications Act 1983, gives councils a discretionary power to charge adult service users of non-residential services. This provides the framework within which councils may recover charges in respect of home care and other non-residential services. KCC, along with almost all local authorities in England, has used this power to charge for home care and other non-residential services.

2.2 The Fairer Charging Guidance stipulates that charging policies should not reduce the net income of adult service users below the defined basic levels of Income Support or the Guarantee Pension Credit, plus 25%. Indeed, a charging policy that reduces service users' net incomes below these defined basic levels would be subject to challenge, as well as potentially undermine efforts to promote independent living and social inclusion.

2.3 The Fairer Charging Guidance also exhorts councils to ensure that all service users retain some income, which is not taken in charges. Councils may decide to set a maximum percentage of disposable income, which may be taken in charges. Historically, in comparison to neighbouring councils in the South East region, Kent County Council has set a relatively low maximum percentage of disposable income (65%) to be taken in charges. The maximum percentage in those other authorities ranges from 85% to 100% of disposable income.

2.4 One of the central principles of the Fairer Charging Guidance is that an individuals assessed charge must relate to both the level of service and their means or ability to pay. However, the guidance leaves it up to local authorities to decide how to assess disability-related expenditure for those with a disability and in receipt of disability-related benefits. It is open to councils to decide whether to disregard a standard element of disability benefits for those receiving such benefit payments. KCC has gone further than this by providing a standard disability-related allowance for all service users, and not just those receiving disability-related benefits as required by the Government guidance.

## 3. Current KCC Charging Policy

3.1 Based on the County Council's current charging policy, charges for those assessed as having to pay towards the cost of their services are based on the comparison of a percentage of available income (the maximum percentage is currently 65%) with the cost of the support package. The lesser of the two figures is then applied as the charge. The income available for charging is arrived at after allowing for certain deductions and living expenses, including basic Income Support or Pension Credit plus 25%, certain housing related costs, and a standard allowance of £20 per week for disability-related expenditure. People in receipt of disability-related benefits have a right to receive an individual disability-related expenditure assessment which may result in higher disability related allowance.

3.2 Welfare rights and advice on benefits is regarded as a key part of the service which the County Council provides. Comprehensive benefit advice is provided at the time of financial assessment by the specialist finance staff. The introduction of the countywide Specialist Financial Teams, with staff who are able to carry out accurate financial assessments speedily, has taken these tasks from care management assessment staff. As a result those staff are able to focus support to those with more complex needs.

3.3 The information currently available on the County Council's Domiciliary Charging Policy indicates that in broad terms two fifths of people who receive domiciliary support services are assessed as not needing to pay any charge. This is because the income available for charging is less than the defined basic levels of income according to age, level of disability, family status or the appropriate Guarantee

Pension Credit. In contrast, about one fifth are assessed as being able to pay the full cost of their service. The remaining two fifths are assessed as being able to make some contribution towards their service.

## 4. Consultation Process

4.1 Local authorities are required by government guidance to consult on changes in their charging policies, and this must follow the standard guidance on consultation. Accordingly, when the decision was made to consult on the proposed changes, Kent Adult Social Services followed the Cabinet Office *Code of practice on written consultation*, and guidance in the Fairer Charging document. The consultation was undertaken over a 12-week period from 8 May 2007 to 31 July 2007.

4.2 An initial Equality Impact Assessment was carried out as part of the consultation process.

4.3 The full *Consultation Analysis Report,* detailing the outcome of the consultation, is attached to this report (see Appendix 1). The response will be published on the KCC Website at www.kent.gov.uk/SocialCare/about-social-care/surveys-and-consultations/ in line with good practice and the commitment given during the consultation process. The report will also be made available to any interested individual or representative group that requests it. There is also the capacity to provide the report in different formats on request.

## 5. Proposed Charging Policy and Summary of Responses from consultation.

The response from the consultation to each of the five proposals is set out below:

**Proposal 1**: **Do you agree that KCC should increase from 65 to 85 the percentage of available income to work out a person's charge?**

| No reply | Agree | Disagree | Neither agree nor disagree | Don't know | Total Responses |
|---|---|---|---|---|---|
| 77 | 563 | 1072 | 302 | 280 | 2294 |

It is evident that the largest single response was from the 1072, people who disagreed with this proposal i.e. 47% of total responses. This compares with 25% of the total responses who told us that they agreed. In all, 53% of the total responses were from people who did not tell us they disagreed with this proposal.

**Proposal 2: Do you agree that KCC should use the actual cost of providing home care services to work out what a person should pay, instead of a standard cost as it is now?**

| No reply | Agree | Disagree | Neither agree nor disagree | Don't know | Total Responses |
|---|---|---|---|---|---|
| 89 | 708 | 812 | 360 | 325 | 2294 |

As with proposal 1, it is evident that the largest single response was from people who disagreed with this proposal, namely 35% of the total response. However, the number of people who told us they positively agreed with this proposal is only slightly less at 31%. Again, it is interesting to note that 65% of the total responses were from people who did not tell us they disagreed with this proposal. What we do not know is the proportion of people in this position who responded in each category. This proposal will, in the main, affect people who either pay the full cost of their care (because they have capital above the upper capital limit) or whose charge is based on the cost of their care (because their available income is greater than the cost of their care). This may explain why 1482 (65%) people either agreed or did not express a view either way, whilst 812 (35%) disagreed with this proposal.

**Proposal 3: Do you agree that KCC should make sure that no-one who is receiving home care services, will pay more than an extra £15 per week from October this year on top of his or her present charge?**

| No reply | Agree | Disagree | Neither agree nor disagree | Don't know | Total Responses |
|---|---|---|---|---|---|
| 105 | 1399 | 380 | 200 | 210 | 2294 |

There is a strong agreement to this proposal. This response is consistent with the experience and the views expressed by service users and their carers when we made changes to the policy in April 2006.

**Proposal 4: Do you agree that KCC should keep the £15 per week maximum (cap) in place for up to three years, if it applies?**

| No reply | Agree | Disagree | Neither agree nor disagree | Don't know | Total Responses |
|---|---|---|---|---|---|
| 134 | 1469 | 218 | 212 | 261 | 2294 |

There was overwhelming support for this proposal which is entirely consistent with responses to Proposal 3 and therefore to be expected.

**Proposal 5: Do you agree that KCC should keep the Disability Related Expenditure Assessment (DREA) at £20 per week for everyone?**

| No reply | Agree | Disagree | Neither agree nor disagree | Don't know | Total Responses |
|---|---|---|---|---|---|
| 151 | 1471 | 168 | 206 | 298 | 2294 |

Disability Related Expenditure Assessment is the term used for extra costs that people have in their everyday lives because of their disability. A significant majority of people agreed with this proposal. This may reflect recognition that Disability Related Expenditure is difficult to assess and that giving everyone a £20 per week standard allowance offers a simple and transparent solution. It should be noted that the relatively small number of people who did not agree would be able to exercise their right to an individual assessment, as is current practice.

## 6. Summary

6.1 The proposed changes in the Kent Adult Social Services Domiciliary Charging Policy are consistent with the Fairer Charging Policy Guidance, which was issued under Section 7 of the Local Authority Social Services Act, 1970. The response to the consultation has been summarised and a full report is attached.

- The consultation on this subject took place between 8 May 2007 and 31 July 2007.

- The analysis and outcome of the consultation are set out in the *Consultation Analysis Report.*

- Preparation for changes to information systems; practice and training are near completion and can be put in place for the policy to be implemented if a decision to that effect is taken.

- The Domiciliary Charging Policy will come into effect on 22 October 2007.

## 7. Recommendations

7.1 The Cabinet Member for Adult Social Services is asked to:

a. NOTE the contents of the *Consultation Analysis* Report

b. APPROVE the proposed Domiciliary Charging Policy as detailed in Appendix 2 to this report.

Michael Thomas-Sam
Head of Policy and Service Development

Phone: 7000 4843 or 01622 594843
Email: michael.thomas-sam@kent.gov.uk

*Background documents:*

SMT Report, 31 August 2007
Adult Services Policy Overview Committee Report, 24 April 2007
SMT Report, 15 December 2006
Fairer Charging Policies for Home Care and other non-residential Social Services, September 2003
Local Authority Circular (2001) 32
Cabinet Office Code of practice on written consultation, November 2000

*Appendices:*

Appendix 1*: Consultation Analysis Report,* 28 August 2007
Appendix 2: Domiciliary Charging Policy, 22 October 2007
Appendix 3*:* Charging for Domiciliary Care - user, relatives and carers guide, 22 October 2007

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Kent County Council

Adult Social Services Directorate

# Proposed Changes to Kent County Council's Charging Policy for Home Care and Other Non-Residential Services

## *Consultation Analysis Report*

Date: 28 August 2007

**Policy:-**
Charging Policy for Home Care and Other Non-Residential services

**Document Purpose:-**
Consultation Analysis Report

**Ref:-**
P&SD/KASS/001/28/08/07 :

**Title:-**
Proposed Changes to Kent County Council's Charging Policy for Home Care and other non-residential services - Consultation Analysis Report

**Authors:-**
Michael Thomas-Sam, Head of Policy and Service Development- Adults
Mary Silverton, Policy Manager-Adults

**Publication date:-**
28 August 2007

**Review Date**
N/A

**Target Audience:-**
Kent County Council Members, Service Users, Carers, User and Carer Groups, Adult Social Services Strategic Management Team, Senior Managers, Team Leads/Managers, Staff and General Public

**Circulation List:-**
Sent out via e-mail, internal and external websites and by post

**Description:-**
Fairer Charging Policy in line with the Local Authority Circular LAC (2001)32

**Superseded Documents:-**
N/A

**Timing:-**
N/A

**Contact Details:-**
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# Contents

## 1. Executive Summary

### *1.1. Introduction*

The consultation on proposed changes to Kent County Council's (KCC) charging policy for home care and other non-residential services (referred to as domiciliary care) was undertaken to seek the views of users and carers prior to deciding whether or not to make any changes.

This report sets out the outcome of the consultation which took place between 8 May 2007 and 31 July 2007. It is an analysis of the responses to the consultation proposals as set out in the consultation letter and questionnaire dated 8 May 2007[1].

The report will be submitted to KCC Members and the Adult Social Services Senior Management Team for their consideration during August and September 2007. The Kent Adult Social Services budget, like that of other local authority social services, has come under and will continue to face severe pressures. This is as a result of the rising demand for services with the number of older and disabled people who are successfully living longer and needing more support. The council must raise additional income if it is to continue providing the current level of care.

After careful consideration, Kent County Council Members decided it would not be in the interest of the people of Kent to raise the eligibility criteria for services, as this would disadvantage those people who need a moderate level of support. We strongly believe that it is best for everyone if we continue providing services to people who have moderate needs as well as to people with more substantial needs. Most other local authorities have stopped providing services for people with moderate needs, but KCC believes that these services enable people to remain well and independent for longer, which is better for them and ultimately more cost effective. This left the council the option to increase income by changing the charging policy for domiciliary care. It is worth noting that the amount of a person's income taken into account under KCC 's charging policy was relatively low when compared with neighbouring authorities. With this in mind the County Council's budget for 2007/08 was based on raising additional income through changes to the charging policy and these proposals were designed for that specific reason.

It was recognised that there will always be some people who will have insufficient money, based on the means test, to contribute to the cost of their care. Therefore it is important to state that people who currently do not pay towards the cost of their domiciliary care will continue to get that care provided without charge unless their financial circumstances change.

Under KCC's current charging policy and based on the available information, about 38% of people who receive domiciliary care are assessed as not having to pay a charge, 42% are assessed as able to make some contribution towards the cost of their care and the remaining 20% are assessed as being able to pay the full cost of their service.

### *1.2. The Process*

The consultation consisted of four separate methods - written, telephone, online, and three public meetings. In total 9000 questionnaires were sent to services users, carers and user and carer groups. We received 2620 submissions consisting of 2294 returned questionnaires (of which 999 also had written comments), 53 letters from individuals and representatives of user and carer organisations, and 263 telephone contacts. This is a total response rate of 29%. In addition, comments were recorded as part of the three public meetings, which attracted 53 people[2]. Of the 9000 questionnaires, 2294 were returned (which is a response rate of 25%). We feel this is a very good response rate and shows how important this subject is to service users and their families.

### *1.3. Summary of Responses to Questionnaire*

**Proposal 1 - Changing the percentage of available income from 65 to 85 percent.**

Of the 2294 returns, 1072 (47%) people disagreed with this proposal. Of the remaining 1222 returns (53%), 563(24%) agreed and a further 659(29%) either did not give a view, neither agreed nor disagreed or did not know.

**Proposal 2 – Using actual cost of care rather than a standard cost.**

Of the 2294 respondents, 812 (35%) people disagreed with this proposal. Of the remaining 1482 returns (65%), 708(31%) agreed and a further 774(34%) either did not give a view, neither agreed nor disagreed or did not know.

**Proposal 3 – Keeping any increase in charges to £15.**

Of the 2294 respondents, 380 (17%) people disagreed with this proposal.

Of the remaining 1914 returns (83%), 1399(61%) agreed and a further 515(22%) either did not give a view, neither agreed nor disagreed or did not know.

**Proposal 4 – Keeping the £15 per week increase in place for up to 3 years.**

Of the 2294 respondents, 218 (10%) people disagreed with this proposal. Of the remaining 2076 returns (90%), 1469(64%) agreed and a further 607(26%) either did not give a view, neither agreed nor disagreed or did not know.

**Proposal 5 – Keeping Disability Related Expenditure Assessment (DREA) at £20 per week for everyone.**

Of the 2294 respondents, 168 (7%) people disagreed with this proposal.

Of the remaining 2126 returns (93%), 1471(64%) agreed and a further 655(29%) either did not give a view, neither agreed nor disagreed or did not know.

*"Unless you are prepared to cease providing a home care service, which I guess you would regard as unthinkable, a scheme involving the five proposals you outline would seem inevitable. Clearly this will mean some current users will no longer use all services as the cost will be beyond their means"*

***A service user***

### *1.4. Feedback*

The questionnaire provided a space for people to give us their comments and feedback with regards to the proposed changes and to give us their suggestions of how we could raise income. 999 people made comments within the questionnaire and 53 people and organisations wrote in with their views.

1. See Appendix 1
2. See Appendix 2 for notes on meetings

The 13 key topics covered in the individual and group comments received were analysed in broad themes as shown in the table below.

| Key Topics | Number | Percentage |
|---|---|---|
| More money from central government/raising taxes and benefits | 208 | 19.8 |
| KCC should not waste money/Better value for money | 203 | 19.3 |
| Cannot afford it | 137 | 13.0 |
| Charge for care should be means tested/phase in the increase | 131 | 12.5 |
| Do not understand the questionnaire | 112 | 10.6 |
| I've paid taxes all my life/ KCC should not charge | 75 | 7.1 |
| Comments about asylum seekers, benefit claimants etc | 54 | 5.1 |
| It is fair to pay/contribute towards care/happy with care received | 50 | 4.8 |
| Better use of other resources (Direct Payment/ Independent Living Fund/Volunteers) | 20 | 1.9 |
| Simplify the system | 20 | 1.9 |
| Decision is already made | 18 | 1.7 |
| Comments about the Public Meetings/KCC documentation | 13 | 1.2 |
| Unrelated Comments | 11 | 1.0 |
| **Total comments** | **1052** | |

*"There is much publicity at present which argues for an increase in public funding for the elderly. It is, according to the experts, a fact that disposable incomes provided by government have decreased in real terms over the past 10 years and this trend is continuing".*

***Carer of 94 year old service user***

## 2. Consultation Purpose

In October 2002 and in April 2003 KCC's domiciliary charging policy was changed from a banding system to one which was broadly, but not fully, compliant with the *Local Authority Circular (2001) 32*. Generally the policy was implemented successfully but further changes were made to the policy in April 2006. The reason for these changes was to amend the policy so that it was fully consistent with the *Fairer Charging Guidance*. The policy is based on a careful assessment of a person's circumstances and his or her ability to pay. Charges for those assessed as having to pay towards the cost of their services are based on the comparison of a percentage of **available income** (currently set at 65%) with the cost of the care package and the lower figure is applied.

The purpose of the consultation was to obtain the views of service users, carers, service user representatives, and user and carer groups on the following proposals:

- increase the percentage of available income taken into account to work out a person's charge from 65% to 85%
- use the actual cost of providing home care services to work out what a person should pay, instead of a standard cost as it is now
- make sure that no-one who is receiving home care services, and has been assessed as having to pay towards the cost of his or her services, pays more than an extra £15 per week from October 2007 on top of his or her present charge (this is called a cap)
- keep the £15 per week cap in place for up to 3 years, if it applies
- keep the Disability Related Expenditure Assessment (DREA) at £20 per week for everyone

## 3. Methodology

The consultation was undertaken over a 12-week period between 8 May 2007 and 31 July 2007 and consisted of four separate methods.

**Written consultation** – a letter explaining why we were consulting and a questionnaire giving details on each of the proposals was sent to all service users, those acting on behalf of someone receiving services or those representing a user or carer group[3].

**Telephone Hotline** – a dedicated Freephone number (0800 298 6002) was set up to answer questions and to assist people in completing the questionnaire over the telephone.

**Online consultation** – a dedicated online consultation page was set up on the KCC Website www.kent.gov.uk/chargingconsultation .

**Public meeting consultation** – attached to the letters and questionnaires, which went out in May 2007,[4] was information regarding the public meetings. Three public meetings were held as part of the consultation process. The first took place on 22 May 2007 at The Age Concern Office, Whitstable between 7pm and 8pm and was attended by 23 members of the public. The second was held on 23 May 2007 at the Tonbridge and Malling Borough Council Office between 7pm and 8pm and was attended by 22 members of the public. The third meeting was held on 28 June 2007 at the Julie Rose Stadium, Ashford between 10.30am and 12 pm and was attended by 8 members of the public.

Janet Hughes, Director of Commissioning and Provision (East), and Margaret Howard, Director of Commissioning and Provision (West) chaired the meetings. Kevin Lynes, Cabinet Member, Adult Services was the Key Note Speaker at the meetings[5].

Kevin Lynes also wrote to Kent County Councillors and Kent Members of Parliament to inform them of the consultation exercise and the proposed changes to the policy. The Adult Services Policy Overview Committee meeting on 24 April 2007 debated the proposals and commented and contributed to the final proposals put to the public.

"*How can it be right that earnings are disregarded when assessing a charge for a service user? It seems that the more ill you are the more severely you are attacked and that people on low incomes will be pushed to the edge".*

***A younger disabled service user who attended one of the public meetings***

3 See Appendix 1
4 See Appendix 1
5 See Appendix 2 for the notes of these public meetings

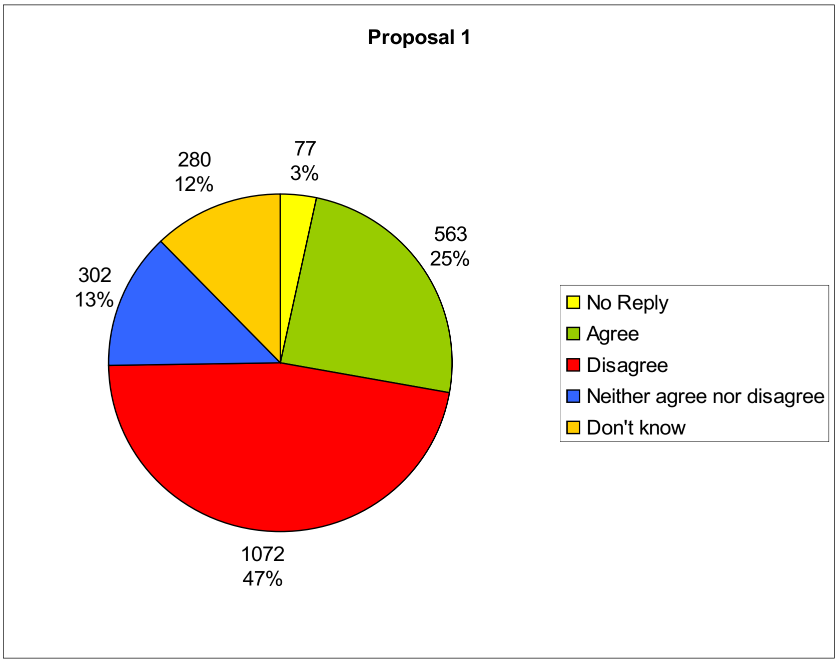
# 4.Responses to the Proposals

We received 2294 responses to the 9000 questionnaires. This represented a response rate of 25%.

The tables below provide a breakdown of the responses to each of the consultation proposals.

**Proposal 1**: **Do you agree that KCC should increase from 65 to 85 the percentage of available income to work out a person's charge?**

| No reply | Agree | Disagree | Neither agree nor disagree | Don't know | Total Responses |
|---|---|---|---|---|---|
| 77 | 563 | 1072 | 302 | 280 | 2294 |



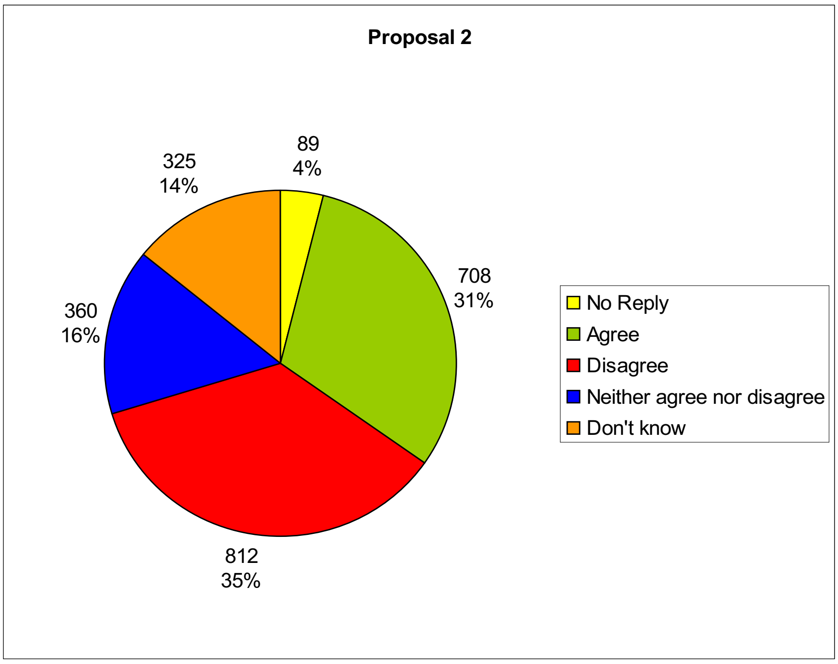

It is evident that the largest single response was from people who disagreed with this proposal, namely 1072, 47% of total responses. This compares with 25% of the total responses that positively told us that they agreed. However, it is interesting to note that 53% of the total responses were from people who did not tell us they disagreed with this proposal.

*"The Power to charge is **discretionary** not **mandatory**, but charges if any, must be fair and reasonable, not punitive".*

***A service user group***

**Proposal 2: Do you agree that KCC should use the actual cost of providing home care services to work out what a person should pay, instead of a standard cost as it is now?**

| No reply | Agree | Disagree | Neither agree nor disagree | Don't know | Total Responses |
|---|---|---|---|---|---|
| 89 | 708 | 812 | 360 | 325 | 2294 |



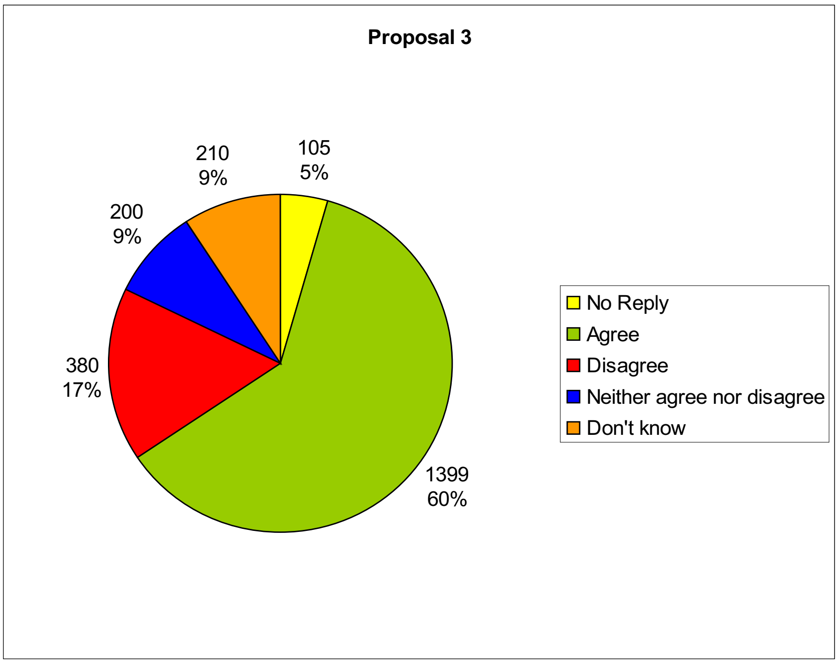

As with proposal 1, it is evident that the largest single response was from people who disagreed with this proposal, namely 35% of the total response. However, the number of people who told us they positively agreed with this proposal is only slightly less at 31%. Again, it is interesting to note that 65% of the total responses were from people who did not tell us they disagreed with this proposal. What we do not know is the proportion of people in this position who responded in each category. This proposal will, in the main, affect people who either pay the full cost of their care (because they have capital above the upper capital limit) or whose charge is based on the cost of their care (because their available income is greater than the cost of their care). This may explain why 1482 (65%) people either agreed or did not express a view either way, whilst 812 (35%) disagreed with this proposal.

*"Having served for over 20 years on the board of a multi national company, I am sure that you must use the actual cost of providing this service in your calculations".*

***A service user***

**Proposal 3: Do you agree that KCC should make sure that no-one who is receiving home care services, will pay more than an extra £15 per week from October this year on top of his or her present charge?**

| No reply | Agree | Disagree | Neither agree nor disagree | Don't know | Total Responses |
|---|---|---|---|---|---|
| 105 | 1399 | 380 | 200 | 210 | 2294 |



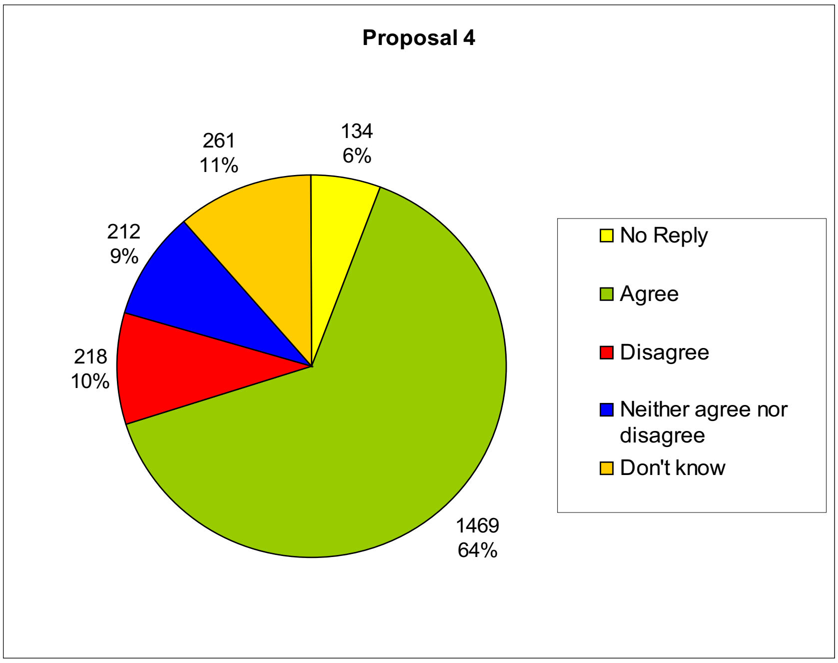

There is a strong agreement to this proposal. This response is consistent with the experience and the views expressed by service users and their carers when we made changes to the policy in April 2006.

*"I expect to pay something, but it seems to me, that I am being penalised for saving"*

***An elderly service user***

**Proposal 4: Do you agree that KCC should keep the £15 per week maximum (cap) in place for up to three years, if it applies?**

| No reply | Agree | Disagree | Neither agree nor disagree | Don't know | Total Responses |
|---|---|---|---|---|---|
| 134 | 1469 | 218 | 212 | 261 | 2294 |



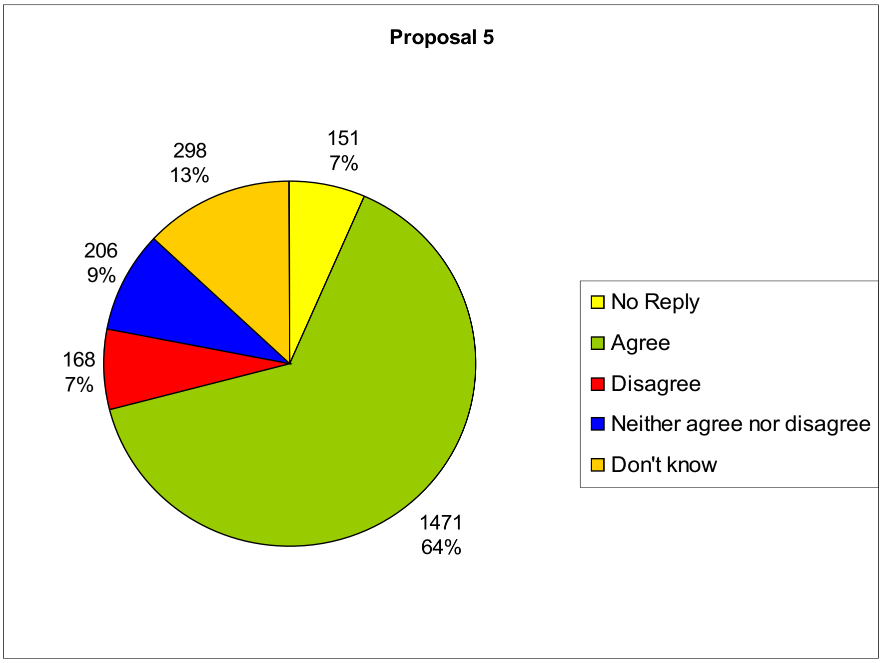

There was overwhelming support for this proposal which is entirely consistent with responses to Proposal 3 and therefore to be expected.

*"People who require a considerable level of support should not be penalised by having to pay more than those who require a lower level of support".*

***A carer***

**Proposal 5: Do you agree that KCC should keep the Disability Related Expenditure Assessment (DREA) at £20 per week for everyone?**

| No reply | Agree | Disagree | Neither agree nor disagree | Don't know | Total Responses |
|---|---|---|---|---|---|
| 151 | 1471 | 168 | 206 | 298 | 2294 |




Disability Related Expenditure Assessment is the term used for extra costs that people have in their everyday lives because of their disability. A significant majority of people agreed with this proposal. This may reflect recognition that Disability Related Expenditure is difficult to assess and that giving everyone a £20 per week standard allowance offers a simple and more transparent solution. It should be noted that the relatively small number of people who did not agree will be able to exercise their right to an individual assessment, as is current practice.

*"The power to charge is **discretionary** not **mandatory**, but charges if any, must be fair and reasonable, not punitive"*

**A Service User Group**

## 5. Analysis of Key Topics

| Key Topics | Number | Percentage |
|---|---|---|
| More money from central government/raising taxes and benefits | 208 | 19.8 |
| KCC shouldn’t waste money/Better value for money | 203 | 19.3 |
| Can not afford it | 137 | 13.0 |
| Charge for care should be means tested/phase in the increase | 131 | 12.5 |
| Do not understand the questionnaire | 112 | 10.6 |
| I’ve paid taxes all my life/ KCC shouldn’t charge | 75 | 7.1 |
| Comments about Asylum Seekers, benefit claimants etc | 54 | 5.1 |
| It is fair to pay/contribute towards care/happy with care received | 50 | 4.8 |
| Better use of other resources (Direct Payment/ Independent Living Fund/Volunteers) | 20 | 1.9 |
| Simplify the system | 20 | 1.9 |
| Decision is already made | 18 | 1.7 |
| Comments about the Public Meetings/KCC documentation | 13 | 1.2 |
| Unrelated Comments | 11 | 1.0 |
| **Total comments** | **1052** | |

Source: The above comments were taken from the 53 letters we received and from comments made on 999 questionnaires returned. This gives a total of 1052 comments.

We asked people to give their suggestions as to how we could raise additional income. Overall, what people told us demonstrates an understanding of the wider issues and the complexities of paying for care which affect us all as a society.

As can be seen from the above table, the top suggestion made was to raise more money from central government and/or to raise Council Tax.

Many people commented on how KCC chooses to spend the money it has with an expectation that people get value for money and that public money should be spent well.

There was, for example, some criticism of spending on Kent TV and other high profile projects. Many of the comments recognised that there is a need to raise the money from somewhere which shows that people are not always against making a contribution but they expect this money to be used wisely.

We have particularly noted the concerns expressed by some people that they would not be able to afford their care. It is important to ensure that any change in policy does not leave vulnerable people without the essential services they need. One way to do this is to make certain that people receive all the benefits to which they are entitled.

We recognise that the Charging Policy with its link to the benefits system is complex and sometimes difficult to understand. We also recognise that consultation about how we charge for services may cause some people anxiety. Every effort has been taken to minimise this by explaining things as clearly as possible and making it simple for people to tell us what they think. The care and attention given to this consultation has successfully led to a good level and quality of responses. Unfortunately, despite this, it is clear that we did not get this right for some people. We will continue to try and improve communication with service users.

*"We know prices have to go up from time to time to cover the increase in costs. The thing is if it wasn't for your services and others like you I would not be able to keep my dear husband at home with me, as I could not cope without help".*

***Wife of a 76 year old service user***

## 6. Conclusion

This consultation has generated a good number of responses from service users, their families and other interested organisations and individuals. We are very grateful to those who took the time to tell us what they think.

We recognise that this can be an emotive issue for some people. We hope that this work will contribute to the national debate and enable KCC to use the views expressed in lobbying central government for sufficient resources to adequately fund social care both now and in the future.

This report will be presented to the Cabinet Member for Adult Social Services and the Senior Management team within Adult Social Services for their consideration in August/September 2007.

Michael Thomas-Sam
Head of Service Policy and Service Development - Adults
Kent Adult Social Services

Mary Silverton
Policy Manager - Adults
Kent Adult Social Services

# 7. Appendix 1

BH-3 SP&S-A
Brenchley House
County Hall
125/135 Week Street
Maidstone
Kent ME14 1RF
Tel: (01622) 694895
Fax: (01622) 694911
Ask for Mary Silverton
Our ref: HQ/P&SD
Date: 8 May 2007

Dear Sir/Madam

**Re: Changes we propose to make to Kent County Council's (KCC) Home Care Services Charging Policy**

I am writing to you because you currently receive Home Care Services, act on behalf of someone who receives services or represent a user or carer group.

In April we usually increase charges in line with increases in benefits. KCC will continue to help people to claim all the benefits they are entitled to.

For this year only, the charge you currently pay for Home Care Services has not changed in April. This is because we want to use the time from May to July 2007 to get your views on changes that we propose to make to our Charging Policy from September 2007.

The reason we need to make some changes to our policy is that it is costing KCC more to provide Home Care Services as the number of older and disabled people increases. We think it is really important to continue providing Home Care Services to the people who need them so that they can stay independent in their own homes for as long as they choose. This is why KCC has decided to continue providing services to people with moderate needs as well as to those with substantial and critical needs. However, to be able to do this we have to increase our charges. What we are proposing is to:

i) Increase from sixty five to eighty five the percentage of available income taken into account to work out a person's charge
ii) Use the actual cost of providing Home Care Services to work out what a person should pay, instead of a standard cost as it is now
iii) Make sure that no-one who is receiving Home Care Services, and has been assessed as having to pay towards the cost of his or her services, pays more than an extra £15 per week from September this year on top of his or her present charge (this is called a cap)
iv) Keep the £15 per week cap in place for up to three years, if it applies
v) Keep the Disability Related Expenditure Assessment (DREA) at £20 per week for everyone.

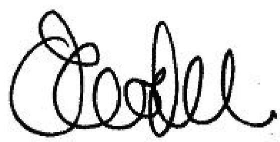
**If you do not pay anything at the moment you will continue to not pay anything unless your income increases.**

People who pay towards the cost of their services will be affected if the new charges are approved. For those people whose new weekly charge will go up by more than £15 in September 2007, we propose to put in place a cap of £15 per week, as we did last year. We will keep this maximum cap of £15 per week in place for next year if, following the usual re-assessment in April 2008, any further increase is more than £15 per week on top of the charge from September 2007. We will also keep this cap in place for one more year if, following the usual re-assessment in April 2009, any further increase is more than £15 per week on top of the charge from April 2008. We have included examples in the questionnaire to show how the cap may work. The enclosed questionnaire gives you more details on each of our proposals. Please fill in the questionnaire and tell us whether you agree or disagree. You may be able to suggest some other ways of meeting this increased cost that we have not thought of. Please return the questionnaire in the pre-paid envelope by **31 July 2007.** Or, if you prefer, you can ring the Contact Centre helpline on Freephone 0800 298 6002 or E-mail social.services@kent.gov.uk to let us know your views.

You are welcome to attend one of the Public Meetings we are holding as part of the consultation exercise. Details of the meetings are enclosed with this letter. If you have any query or if there is anything in this letter or questionnaire that you do not understand, please ring the KCC Contact Centre helpline. The helpline can also provide this letter and questionnaire in other languages and formats if this will be more helpful to you.

Thank you for letting us know what you think about the changes we are proposing to make to our Home Care Services Charging Policy.

Yours sincerely



Oliver Mills
Managing Director, Kent Adult Social Services

Kent County Council

# KENT ADULT SOCIAL SERVICES

## PUBLIC MEETING ABOUT THE PROPOSED CHANGES TO KCC's HOME CARE SERVICES CHARGING POLICY

**Date:** 22 May 2007
**Time:** 7 pm till 8pm
**Venue:** Age Concern Whitstable
The Day Centre Vulcan Close
Borstal Hill
Whitstable
Kent CT5 4LZ

**Nearest parking: available in adjacent car park free of charge.**

**If you wish to attend this meeting and have any special requirements (such as transport), please contact Barbara Seaman on Freephone 0800 298 6002.**

# KENT ADULT SOCIAL SERVICES

# PUBLIC MEETING ABOUT THE PROPOSED CHANGES TO KCC's HOME CARE SERVICES CHARGING POLICY

| | |
|---|---|
| **Date:** | **23 May 2007** |
| **Time:** | **7 pm till 8pm** |
| **Venue:** | **Tonbridge & Malling Borough Council**<br>**Council Offices**<br>**The Castle**<br>**Tonbridge**<br>**Kent TN9 1BG** |

**Nearest parking: available in adjacent car park free of charge.**

**If you wish to attend this meeting and have any special requirements (such as transport), please contact Barbara Seaman on Freephone 0800 298 6002.**

# KENT ADULT SOCIAL SERVICES

## Domiciliary Charging Questionnaire

Proposed Changes to Kent County Council's (KCC) Policy for Charging for Home Care Services

**Introduction**

This questionnaire has been sent to you because you currently receive Home Care Services, act on behalf of someone who receives services or represent a user or carer group.

The letter that comes with this questionnaire tells you why KCC needs to change its policy for charging for Home Care Services and that what we propose means that charges will increase for some people.

Please fill in this questionnaire and tell us whether you agree or disagree with the following 5 proposals. If you prefer, you can do this by ringing the Contact Centre helpline on Freephone 0800 298 6002, or by e-mailing us at social.services@kent.gov.uk or attending one of the two Public Meetings, as set out in the letter. We need you to tell us what you think by **31 July 2007**.

**What we are proposing**

**PROPOSAL 1**

***Increase from 65 to 85 the percentage of available income taken into account to work out a person's charge***

Government policy is that the income of people who receive Home Care Services should not fall below a certain weekly amount (known as the Protected Income Level) as a result of charging. This is to ensure that everyone has sufficient income to meet basic needs. The rest of a person's income is called 'available income'. Local authorities, like KCC, decide how much of a person's available income, if there is any, is taken into account to work out their charge. At present, KCC takes 65% of available income into account when working out a person's charge. Some other local authorities take into account up to 100% of available income.

**KCC's present policy is that any charge is based on either the weekly cost of the care package or a percentage of the available income, whichever is the lower.**

**Example: - Mrs. Amber is an 85-year-old lady with a care package costing £86.40 per week. Her total income is £202.45 per week. Her available income after deducting housing and other expenses is £39.89 per week. The chart below shows how Mrs. Amber's charge would be affected this year by taking 85% of her available income into account rather than 65% as at present.**

| **Year** | **Assessed charge per week** | **Actual amount per week paid by user** |
|---|---|---|
| April 2006/ March2007 | £25.92 (65%) | £25.92 |
| April 2007/ August 2007 | £25.92 (65%) | £25.92 |
| September 2007/March 2008 | £33.90 (85%) | £33.90 |

Do you agree that KCC should increase the percentage of available income taken into account from 65% to 85%?

☐ Agree

☐ Disagree

☐ Neither agree nor disagree

☐ Don't know

Can you suggest some other ways of meeting the increased cost to KCC of continuing to provide Home Care Services to people with moderate, substantial and critical needs?

## PROPOSAL 2

***Use the actual cost of providing Home Care Services to work out what a person should pay, instead of a standard cost as it is now***

For many years we have used a standard hourly rate to work out what a person should pay. Over the years the difference between the standard and the actual cost of Home Care Services has greatly increased. As this is no longer affordable to KCC we propose to use the actual cost of Home Care Services to work out what a person should pay. This would only affect you if your charge were based on the cost of your services rather than your available income.

**Example: - Using the standard cost of the service, a 10 hour per week care package costs £125.60 but the actual cost in this case is £145.00. This means that this care package is subsidised by KCC.**

Do you agree that KCC should use the actual cost of a home care service rather than a standard cost to work out what a person should pay?

☐ Agree

☐ Disagree

☐ Neither agree nor disagree

☐ Don't know

Can you suggest some other ways to meet the difference in cost between what KCC actually pays for home care services and the standard cost that is used at present to work out what a person should pay?

**PROPOSAL 3**

***Make sure that no one who is assessed as having to pay towards the cost of his or her Home Care Services will pay more than an extra £15 per week from September this year on top of his or her present charge***

Increasing the percentage of available income to be taken into account and using the actual rather than a standard cost will affect people who have been assessed as having to pay towards the cost of their service. This is why we propose to limit any increase to no more than £15 per week on top of the present charge (this is called a cap).

Do you agree that KCC should make sure that no one who receives a Home Care Service at present and has been assessed as having to pay towards the cost of his or her service should pay more than an extra £15 per week from September this year on top of his or her present charge?

- ☐ Agree
- ☐ Disagree
- ☐ Neither agree nor disagree
- ☐ Don't know

**PROPOSAL 4**

***Keep the £15 per week maximum (cap) in place for up to 3 years if it applies***

To help people plan for any increased charge, we propose to keep this £15 per week cap in place for up to 3 years. This means that no one who is receiving services and has been assessed as having to pay towards the cost of their services would pay more than an extra £15 per week from September 2007 on top of his or her present charge.

We will keep this maximum cap of £15 per week in place for next year if, following the usual re-assessment in April 2008, any further increase is more than £15 per week on top of the charge from September 2007. We will also keep this cap in place for one more year if, following the usual re-assessment in April 2009, any further increase is more than £15 per week on top of the charge from April 2008. From April 2010, this cap would stop and everyone who has been assessed as having to pay towards the cost of their Home Care Services would pay their full-assessed charge.

**Example: - Mr. Brown is a 70-year-old gentleman with a care package costing £135.00 per week. His total income is £340.18 per week. His available income after deducting housing and other expenses is £145.37 per week. The chart below shows how the new policy would affect Mr. Brown.**

**This shows a cap being in place for up to 1 year**

| **Year** | **Assessed charge per week** | **Actual amount per week paid by user** |
|---|---|---|
| April 2007/August 2007 | £94.49 (65%) | £94.49 |
| September 2007/March 2008 | £123.56 (85%) | £109.49 (£94.49+£15 cap ) |
| April 2008/March 2009 | £123.56 (85%)* | £123.56** |

* Would change in line with benefit changes.
** The cap stops in year two and the full-assessed charge is applied as the increase is £14.07, which is less than the £15 cap.

**Example: - Mr. Charles is an 82-year-old gentleman with a care package costing £220.00 per week. His total income is £345.26 per week. His available income after deducting housing and other expenses is £150.27 per week. The chart below shows how the new policy would affect Mr. Charles.**

**This shows a cap being in place for up to 2 years**

| **Year** | **Assessed charge per week** | **Actual amount per week paid by user** |
|---|---|---|
| April 2007/August 2007 | £97.67 (65%) | £97.67 |
| September 2007/March 2008 | £127.73 (85%) | £112.67 (£97.67+£15 cap) |
| April 2008/March 2009 | £127.73 (85%)* | £127.67( 112.67+£15 cap) |
| April 2009/March 2010 | £127.73* | £127.73** |

* Would change in line with benefit changes
** The cap stops in year three, as the increase is £0.06, which is less than £15.

**Example: - Mrs. Duncan is an 80-year-old lady with a care package costing £129.60 per week. Her total income is £300.00 per week. Her available income after deducting housing and other expenses is £95.00 per week. The chart below shows how the new policy would affect Mrs. Duncan. Her charge was capped at £35.50 in April 2006, as the increase in her charge from £20.50 to £61.75 was more than £15.**

**This shows a new cap being in place for up to 3 years**

| **Year** | **Assessed charge per week** | **Actual amount per week paid by user** |
|---|---|---|
| April 2006/March 2007 | £61.75 (65%) | £35.50 (£20.50+£15 cap) |
| April 2007/August 2007 | £61.75 (65%) | £35.50 (20.50 + £15 cap) |
| September 2007/March 2008 | £80.75 (85%) | £50.50 (£35.50+£15 cap) |
| April 2008/March 2009 | £80.75 (85%)* | £65.50 (£50.50+£15 cap) |
| April 2009/March 2010 | £80.75 (85%)* | £80.50 (£65.50 +£15)** |

* Would change in line with benefit changes.
** The cap applies for the maximum of three years, as the increase in each year is more than £15.

Do you agree that a £15 cap should be kept in place for up to 3 years, if it applies?

☐ Agree

☐ Disagree

☐ Neither agree nor disagree

☐ Don't know

## PROPOSAL 5

***Keep the Disability Related Expenditure Assessment (DREA) at £20 per week for everyone***

Disability-Related Expenditure (DREA) is the term for extra costs that people have in their everyday lives because of their disability. Government policy is that these additional expenses are considered when working out whether or not a person is able to pay something towards any service they receive.

At present KCC allows everyone £20 DREA per week. This is because people receiving a service do not have to keep and provide KCC with receipts or bills to show us what they have spent. It also means that KCC staff do not need to work out what each person should be allowed. We think it is simpler for both you and us to allow everyone the same amount.

**However, anyone who receives a Disability-Related benefit may ask for an individual Disability-Related Assessment.**

**Do you agree that everyone should continue to get £20 DREA?**

☐ Agree

☐ Disagree

☐ Neither agree nor disagree

☐ Don't know

Can you suggest some other ways that KCC could consider a person's Disability Related Expenditure?

THANK YOU FOR TAKING THE TIME TO COMPLETE THIS QUESTIONNAIRE.

PLEASE MAKE SURE THAT IT IS RETURNED TO US, IN THE ENCLOSED PRE-PAID ENVELOPE, BY MONDAY **31 JULY 2007.**

**What happens next?**

We will write a report to let KCC Members know what you think of these proposals.

It will help them to come to a decision about changes to KCC's Home Care Services Charging Policy. We will put the report on our website at www.kent.gov.uk/SocialCare/about-social-care/surveys-and-consultations/

If you would like a hard copy of the report please ring us on Freephone 0800 298 6002 or e-mail social.services@kent.gov.uk

**About You**

- [ ] I am (please tick the boxes that apply to you):
- [ ] Service user
- [ ] Carer
- [ ] Other

(Please specify)

# 8. Appendix 2

**KENT ADULT SOCIAL SERVICES**
**PUBLIC MEETING RE PROPOSED CHANGES TO KCC's**
**HOME CARE SERVICES CHARGING POLICY**
**TUESDAY 22ND MAY, WHITSTABLE**

KCC was represented by :

| | |
|---|---|
| Kevin Lynes | KCC Member for Adult Services |
| Janet Hughes | (Chair) Director of Operations – East Kent |
| Anna Tidmarsh | Head of Adult Social Services – East Kent |
| Michael Thomas –Sam | Head of Policy and Service Development |
| Mary Silverton | Policy Manager |

Number of Members of the Public Attended: 23

**Points Raised**

• Is it a £15 (cap) per week?

• It would (is it) sensible to remove Disability Related Expenditure Assessment (DREA)?

• DREA – if someone is paying the full amount, can they claim the full £20 – is it applicable because income exceeds benefit? People should have individual DREA.

• Some 200 people are going to be hit harder than others are – why?

• Centre for Independent Living feel that charging should be abolished – KCC do not have to charge – it is not mandatory

• There was no prior consultation with disabled people to discuss the content of the consultation – KCC breached Equalities scheme

• Why shouldn't everyone use Direct Payment – this would save on wages, pensions etc.

• Would it be an idea to get together with other authorities to see how they work?

• Disabled people are really penalised for needing services.

• Some carers (daughter of a service user) were concerned that the increase was too much and worried that she will need to cancel care – they said its putting the lady in a very difficult position

• When people were living in London they had 4 carers every day – down here its impossible to get care

• People will stop having carers in – they cannot keep funding the money – prisoners are treated better than older people

• A lot of holes in the statistics in the paper (letter and questionnaire mailed to service users)

• It is not right to consult for only 1 month

• There will be a lot more bed blocking because of the charges going up at a horrendous rate

• How can you possibly make a decision within a month of consulting – what happens on 1st September if the cost does go up –I feel it's a foregone conclusion

• £15 cap – what happens after 2-3 years? How come the standard charge was allowed to drift? Bad management. Care managers disappeared. Where is the care going to come from in the case of an emergency.

• DREA entitlement – don't get it if they are paying the full charge?

• What is the point in KCC comparing themselves to other councils when different amounts of money are involved.

• Direct Payment is a big saving on the authority

• People complained about the lateness of receiving the invitation to attend the public meeting

**Service Quality Points**

• Services are very disjointed throughout Kent – Care Managers are not working together. Some people do not know what Direct Payment is.

• What processes are we going to see if people start canceling care – who is going to be monitoring it?

• Complaints about the amount of time carers were staying with service uses – i.e. if the carers should stay for, say, half an hour, they usually only stayed for 15 minutes. This needs to be investigated

• No Care Manager for over 18 months – no contact at all in that time

• I have a problem with carers not turning up when they are supposed to and then couldn't claim the money back

• The providers are the problem. They need to factor in travelling time when going from one service user to another

• What do you do when the provider calls to say the Carer cannot come at the allocated time – very annoying, especially if I have a hospital appointment

**Other KCC related points**

• Why did KCC sell off most of their Residential Homes? They made a lot of money from that – what happened to it? Why wasn't it used for Community Care

• Why did KCC waste £5m on the Turner Project when they (KCC) are seeking to get more money from disabled people

**KENT ADULT SOCIAL SERVICES**
**PUBLIC MEETING RE PROPOSED CHANGES TO KCC's HOME CARE SERVICES CHARGING POLICY**
**WEDNESDAY 23rd MAY - TONBRIDGE**

KCC was represented by :

| | |
|---|---|
| Kevin Lynes | KCC Member for Adult Services |
| Michael Thomas –Sam | Head of Policy and Service Developm |
| Margaret Howard (Chair) | Director of Operations - West Kent |
| Chris Belton | Head of Adult Services – WestKent |
| Mary Silverton | Policy Manager |

Number of Members of the Public Attended: 23

**Questions/Points Raised**

• How does the proposal impact on service users who are in receipt of direct payments? Will I as a user of direct payments in West Kent subsidise those in East Kent who are in receipt of direct payments.

• Why is this proposal being considered at a time when the direct payment route is being promoted to service users? It is felt that this makes things particularly confusing for service users.

• KCC has breached the Disability Discrimination Act, as it did not involve disabled people at the inception of the consultation process. Why did it happen this way?

• A service user said that he felt KCC was paying lip service to the rights of disabled people. He felt that the questions on the questionnaires were steered towards certain answers and he was disappointed that no service users were involved in the design of the questionnaire. He also felt that the consultation was being rushed through.
He referred to the groups "Shaping the year forward 2001" and the fact that he thought that nothing had changed.

• The increase in charge from 65% to 85% applies to someone whose available income is £200 per week or whose available income is £500 per week and it was felt that people on lower incomes would be affected disproportionally if the proposed changes are implemented. Some service users are also in a situation where they do not receive income support and therefore are not entitled to the related benefits. How are people on low incomes expected to manage? Do we have to come begging "cap in hand" to get charges waived or reduced?

• It would appear that the proposed changes to the charging policy are only connected to the recovery of cost by KCC. What proportion of the providers that contract with KCC are " not for profit"?

• Whilst you say that KCC will continue to provide services to those with an eligibility criteria assessed as moderate, does the proposed change in charging policy mean that these service users will be denied services due to their lack of ability to pay?

• My mother-in-law is unable to access direct payments as a Power of Attorney is in place for her. This is particularly worrying due to the poor standard of care that is provided for her through the agency that is commissioned by KCC. It would appear the care provided by agencies is not monitored by KCC.

• Why were consultation meetings arranged only in Whitstable and Tonbridge? I feel that other meetings should have been arranged to avoid long journeys for service users. At least a meeting should have been held in Maidstone, this being the County Town.

• How can it be right that earnings are disregarded when assessing a charge for a service user? It seems that the more ill you are the more severely you are attacked and that people on low incomes will be “pushed to the edge”.

• A service user told the meeting that he had written to all the Kent MPs with regard to the proposed change in charging policy to ask for support to ensure that this matter is brought more into the fore and issues about inequalities are addressed.

• How can Direct Payment Support Workers be advocates for service users if they are employed directly by KCC.

• Does the proposed change of policy produce inequalities for service users who are required to pay actual cost? The actual charge being dependent upon where they live and the contract(s) KCC has in place in their area.

• Should KCC encourage service users who receive direct payments to employ PA ‘s rather than go to agencies?

• Is a refund given to the service user is a carer fails to turn up for a call?

• My mother-in-law receives a care package from Social Services. How does she go about accessing direct payments?

• Why do service users who access direct payments not receive an automatic inflationary increase as Care Agencies who are contracted with KCC do?

• If the proposed change to the charging policy is implemented, how long will this extra income satisfy the financial expenditure?

• Will we have to go through the worry of having our charges increased on an annual basis?

• How much of Council Tax paid is spent on social care?

**KENT ADULT SOCIAL SERVICES**
**PUBLIC MEETING RE PROPOSED CHANGES TO**
**KCC'S HOME CARE SERVICES CHARGING POLICY.**
**28TH JUNE - JULIE ROSE STADIUM**

KCC was represented by:

| | |
|---|---|
| Janet Hughes | Director of Commissioning & Provision, East) |
| Kevin Lynes | (Cabinet Member, Kent Adult Social Services) |
| Michael Thomas-Sam | (Head of Policy & Service Development) |
| Mary Silverton | (Policy Manager KCC) |

Number of Members of the Public Attended: 8

**Question summary:**

• Has anybody suggested going to the government to ask for more money?

• Has changing the eligibility criteria for social care been discussed?

• Has council tax and rent etc been taken into consideration whilst working out the calculations?

• Relating to the two questions discussed. 1. Should the £15 cap stay in place and 2. Should the percentage go from 65% to 85%. Is this either/or? Can we agree to both?

• Do you think it is reasonable to leave somebody with such a small income?

• How do you expect this to implement Active Lives For Adults with such a small amount of money left after their charge has been deducted from their income?

• When will the final decision about whether this will go ahead be made and will it be a public meeting?

• Compared to other Organisations and Local Authorities does this change seem reasonable?

• Do other Organisations and Authorities charge less or more than you are proposing to charge.

• Are any of the people involved in this decision disabled?

• Do you think the changes will be fairer?

• How are we expected to pay our pensions, mortgages etc when we are left with so little, has this been taken into consideration?

- Do you think everybody should own their own home?

- Do you think everybody should live independently?

- How much would it cost each Council Tax payer in Kent if you were to spread the cost amongst these?

- Why should we pay more than we already are when certain care agencies are not even meeting our care needs?

- Cost of care is continually increasing so why don't we have KCC care units instead of always using outside agencies?

- Will the cost of care ever decrease?

- If a large amount of people do not agree with this and decide not to support the changes, will you go ahead and make the changes anyway? If so what is the point of these consultations?

**Kent County Council Adult Social Services Directorate**

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123/135 Week Street
Maidstone
Kent
ME14 1RF

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# DOMICILIARY CHARGING POLICY

**ISSUE DATE:** **22 OCTOBER 2007**

**REVIEW DATE:** **APRIL 2008**

# KENT ADULT SOCIAL SERVICES

## DOMICILIARY CHARGING POLICY

## CONTENTS

# CONTENTS CONTINUED

# 1. INTRODUCTION

Kent County Council, like the overwhelming majority of local authorities, charges for the provision of domiciliary care (i.e. care provided in the service user's own home).

The legal powers required to charge for domiciliary services are contained within Section 17 of the Health & Adult Social Services and Social Security Adjudications Act 1983 (HASSASSAA). This gives local authorities the discretionary power to charge, but unlike with residential care, does not make it a mandatory duty to charge.

In addition to the above Act, the Department of Health issued statutory guidance in 2001 on how charging policies should be carried out. Details of this can be found in Local Authority Circular LAC(2001)32.

This guidance had to be implemented by April 2003 and in particular required the following:

- Capital limits, where they applied, should be at minimum in line with those for residential care. They could be more generous, but not less

- Service users' incomes must be protected to at least the level of basic Income Support /Pension Credit plus 25% (the "Protected Income Level")

- Earnings from paid must be completely disregarded

- Disability benefits can be taken into account but if they are, there should be provision to take account of a service user's disability-related expenditure.

- All service users should have their benefits maximised at the same time as the charging assessment is carried out.

KCC implemented these requirements by 2003 but did this within the framework of the old 4-band structure. It was then decided, from 10 April 2006, to remove the bands and introduce a revised charging policy more closely related to a service user's income. Further changes were made from 22 October 2007. In brief these are:

- 85% of available income will be used to work out a person's charge
- actual cost of services will be used to work what a person should pay
- there will be a £15 per week cap on any increase for all service users
- the cap will be in place for up to three years (up to April 2001) if it applies and
- the £20 per week standard disability related assessment allowed for everyone will be retained.

## 2. WHY IS BENEFIT MAXIMISATION SO IMPORTANT?

**Over £1 billion of Social Security benefits go unclaimed every year.** We need to ensure that our service users are not missing out. The take up of welfare benefits is very important for three main reasons:

- To maximise the income of our service users, which has a direct effect upon their living standards, dependency levels and participation in society.

- To maximise income for the authority, Adult Social Services needs the contributions that it's service users make, to ensure we are able to continue to help as many people as possible with the limited resources that are available to us.
- The take up of Income Support, Pension Credit and Attendance Allowance is monitored by Central Government, who use this information to inform the Formula Spending Share (FSS). The FSS is used to calculate the level of funding a local authority receives from Central Government.

When financially assessing a service user, benefit issues could go unnoticed. Therefore we need to check that service users have all the benefits that they are entitled to. When you have completed financially assessing a service user you will need to complete a **Benefits Checklist**. The benefits checklist indicates whether a service user may be entitled to claim a specific benefit.

If you are assisting a service user with benefit issues, you will need to obtain their permission to allow the DWP to share their claim details with you. Please use the customer consent form in the CM10 for this purpose.

**The County Benefits Service** is a resource that is available to help with benefit issues. There is a **Benefits Helpline** to provide advice on one off benefits queries, every week day **9.00-1pm call 01622 221900**. **On no account should this number be given to service users or the public.** There are also 11 Area Benefit Officers (ABOs) who provide a comprehensive service, providing advice, information and support to staff about individual claims (including appeal representation) or enquiries and training for staff regarding a range of welfare benefits.

## 3. INFORMATION TO HELP COMPLETE THE CM10

### 3.1 Front Sheet

Please fill in fully all sections of the front sheet.

### 3.1.1 Charge Details

The cost of the service will be calculated using the information on SWIFT. It is important that all changes are recorded on SWIFT as the service user's charge will be based on this information.

Please indicate the number of hours (to nearest ½ hour) in each of the boxes underneath the days of the week. This information is needed because it is used to calculate whether adjustments to the charge need to be made if a person receives less than their usual service in any week. Refer to section 4.10 There will be some circumstances when you will not be able to do this. For example sometimes a service user receives a set number of hours per week but these are delivered on varying days. In these cases just record the total number of hours. If the total number of hours varies from week to week average the number over an appropriate period.

### 3.1.2 Couples

Since the introduction of the Civil Partnership Act on 5 December 2005, the definition of couples has been widened to include same-sex couples living together as a couple (regardless of whether they have a registered Civil Partnership).

### 3.1.3 Payment Method

Please encourage, where possible, the use of Direct Debit as the payment method. This is much cheaper for KCC to administer and is less time consuming for the service user and reduces the possibility of debts accruing.

## 3.2 Assessing Capital

Step 1 is to assess the service user's capital.

Include all sources of capital held solely by the service user. Any capital jointly owned should be divided in 2 unless there is strong evidence why this should not happen.

Generally speaking you should include as capital all capital assets that can be realised e.g.

- Money in bank, building society, post office
- Premium bonds
- National Savings
- Stocks and shares (valued according to the latest FT index – Finance colleagues will assist)
- Investment bonds that can be realised
- ISA, etc

If an asset is taken into account as capital then any **actual income** from that capital asset should be ignored. Instead the **tariff income** rules should apply (see later).

Capital that has been used to purchase Income Plans such as **annuities** which cannot be realised **should not** be taken into account as capital. Instead the actual income generated from them should be taken into account as income.

**3.2.1 Capital to be disregarded**

- The service user's own home
- The value of a "second home" or property elsewhere. This may, however, generate a rental income which can be counted (this should not be seen as earnings which are disregarded)
- The surrender value of an annuity or life assurance/endowment policy.
- Personal possessions, antiques etc.
- Funds held in trust for vaccine damage, criminal, personal injuries etc.
- Arrears of benefits. These should, however, be taken into account as income in a retrospective charging assessment (see later).
- Capital of any partner (if capital is held in joint names it should be divided).

## 3.3 Deprivation of Capital Sums

Deprivation is a serious issue facing the Directorate. More and more people are consulting legal advisers about how and when to give away capital and property before seeking our services. The Directorate has a clear and firm line on this issue, we will use the legal powers we have available in such cases. These legal powers, however, do **not** extend to domiciliary charging, only when assets are being "held" by a third party and are still **technically available** to the service user may we still count them as **belonging** to the service user.

Although the deprivation powers are NOT applicable for domiciliary charging purposes, it is important to record details of all current assets **and any instances where assets have recently been given away** as this information may be useful for a future **residential** services assessment.

If there is any doubt over what capital to take into account refer to the Specialist Finance Teams or Officer, Area Benefit Officer.

## 3.4 Service Users with Capital in Excess of £21,500

Service users with MORE than £21,500 in capital are required to pay the full cost of their care package. Service users who have the capacity should be encouraged to arrange their services directly. It should not, however, be automatic that these service users purchase their care directly. Having capital over £21,500 MUST NOT be used as a means of removing service users from active case loads or screening people out of the service. All available options should be carefully discussed with the service user, their carer and/or family as appropriate. Adult Protection issues should be considered. If a service user decides to purchase their care directly from a private provider, it must be explained that KCC will not be involved in the day to day management of that care or financial matters concerned with the care package.

## 3.5 Service Users with capital very close to £21,500

At the point of assessment or review, if a service user has capital or assets only marginally over £21,500 they may choose to purchase their services through us or privately.

Either way, given the cost of domiciliary care their savings are likely to come down to £21,500 rapidly. **You should**:

**If they choose to purchase their care privately**, explain that if and when they return to us for assistance with the funding of their care package they would be re-assessed using our eligibility criteria and that may mean we would not fund a privately purchased care package fully.

**If they purchase their care through us**, put a 'flag' on the assessment and review in a few months.

## 3.6 Assessing Income

All income (except disregarded income) paid to the service user should be included in the assessment. The CM10 shows the main forms of income to be included and those to be disregarded. In particular note the following:

- Pension Credit – only include the Guarantee Credit, not the Savings Credit.
- AA, DLA Care (and equivalents) should only be taken into account up to £43.15 (lower rate of AA)
- DLA Mobility should be disregarded.
- All earnings should be disregarded including earnings from "permitted" (therapeutic) work.
- Working Tax Credit should be disregarded as this tops up low wages.
- All income paid in respect of children should be disregarded – Child Benefit, Child Tax Credit, amounts paid with Income Support etc for Children (from April 2004 these amounts are being transferred to Child Tax Credit but this process has not been completed so some people will still be receiving them).
- Amounts in Income Support or Pension Credit paid in respect of mortgage interest should be disregarded.
- War Pensions and War Widows Pensions should be disregarded except for the following elements:- Constant Attendance Allowance (CAA) – Exceptionally Severe Disablement Allowance (ESDA). These elements are similar to Attendance Allowance/DLA Care and are paid instead of them – they should therefore be taken into account – to the value of lower rate A.A (currently £43.15).

- Income from tenants living in a second home should be fully taken into account. Income from sub-tenants in service user's own home should also be fully taken into account.
- Charitable payments should have a £20 disregard applied to them.
- Private insurance towards the cost of domiciliary services – these may be provided to supplement the services arranged by KCC or may meet part or all of the charge levied by us. These payments should be disregarded in the assessment of income.
- Independent Living Fund (ILF) payments should be totally disregarded.
- Amounts sometimes paid with Incapacity Benefit, Retirement Pension etc for dependent spouses should be disregarded.

### 3.6.1 Income of Couples

The initial charging assessment should only take into account the income of the individual service user and not that of their partner. This is called a "half-couple" assessment. Retirement Pensions, Occupational Pensions etc are usually paid in respect of one person only and so should be attributed to whoever's name they are in. Certain benefits, however, are paid in respect of the couple and should therefore be divided in two, e.g. Pension Credit and Income Support.

**Example** Mr & Mrs Smith

| | | | |
|---|---|---|---|
| Mr Smith | receives | £87.30 | State Retirement Pension |
| Mrs Smith | receives | £52.30 | SRP + AA of £43.15 |

In addition they receive Pension Credit as a couple, paid in this example to Mr Smith. Pension Credit received is £42.10. This should be divided in two giving each person £21.05. So if Mrs Smith was the service user her income would be

| | |
|---|---|
| 52.30 | SRP |
| 21.05 | half of PC |
| 43.15 | AA |
| 116.50 | |

At the end of the initial assessment if the partner is willing to disclose their finances a couples assessment should be carried out (see section 3.12.2 )

### 3.6.2 What if the Pension Credit/Income Support includes amounts for a carer?

The Carers Premium/Addition **must** be deducted from the Income Support or Pension Credit before dividing it in two.

### 3.6.3 Failure to apply for benefits

We only take into account the benefits a person actually receives and cannot force them to apply for benefits such as AA, DLA, Pension Credit, Income Support etc. It should, however, be explained that they will usually be better off if they do, even after charging.

## 3.7 Verification

Verification is an important part of the financial assessment when working out a service user's charge. You must at some stage verify a service user's Income and /or Capital. The service user simply stating that they are in receipt of certain benefits and/or own capital is not sufficient.

## 3.8 Protected Income Level

This is the minimum income the Government wants service users to be left with after KCC has charged them for domiciliary care. If the charge for domiciliary care would reduce a service user's income below this level, we cannot make this charge. The charge would have to be reduced accordingly. At present, we only need to apply this test if a service user has less than £21,500 in capital. However, it has to be applied whether or not they receive Income Support or Pension Credit.

**How Protected Income Level is worked out**

This is done by taking the Income Support 'Applicable Amount'/Pension Credit Guarantee Level for an individual (excluding amounts and premiums for children, carers, the Severe Disability Premium and housing costs). 25% is then added on to this figure. You do not need to work out the Protected Income Levels as they are listed on the CM10s and need to be put in Box E on the CM10 (see overleaf)

**Single person aged 60 plus**
Minimum Guarantee Credit £119.05 + 25% = **£148.81**

**Single person under 60**

Personal allowance of £59.15 + Disability Premium of £25.25 + Enhanced Disability Premium of £12.30 = £96.70 plus 25% = **£120.88**

**Note the Enhanced Disability Premium is added whether in reality the Service User is entitled to it or not.**

**Couples – at least one member 60 plus**
Minimum Guarantee Credit for a couple £181.70 divided by two = £90.85 plus 25% = **£113.56**

**<u>Couples – both members under 60</u>**

Personal allowance for a couple of £92.80 + Disability Premium for a couple £36.00 plus Enhanced Disability Premium for a couple £17.75 = £146.55 divided by two = £73.28 plus 25% = **<u>£91.60.</u>**

**Note the Enhanced Disability Premium is included whether in reality the Service User is entitled to it or not.**

See section 3.12.2 for the PILs for the couples assessment.

## 3.9 <u>Working out the income available for charging</u>

This is a fairly straightforward calculation. From the service user's total assessable income (Box C of the CM10) you should deduct the following:

- The appropriate Protected Income Level
- Any weekly loan repayment for OT adaptations (this does <u>not</u> include repayments on private loans)
- Any Supporting People charge paid by the Service User. This is <u>not</u> the cost of the Supporting People Service but the amount paid by the Service User. <u>Nearly everyone will be exempt from this charge and not pay anything</u>.

- Any rent paid (i.e. After Housing Benefit taken off)

  NB – Any charges relating to Supporting People service are dealt with by the Supporting People Team

  In most cases you need to verify rent paid. The only exceptions would be where a SU pays an amount to a relative they live with. In these cases accept the figure if it appears reasonable, and as long as you don't include an amount for food. It should also be a figure in proportion to the number of people in the household.

- Any Council Tax paid (i.e. after Council Tax Benefit taken off).

- Costs related to leasehold properties – e.g. service charges, ground rent (owner-occupied sheltered flats often come into this category)

- Any costs related to a mortgage (i.e. after any benefit paid for this has been taken off). Mortgage costs that can be allowed include:

  interest on loans for home purchase and essential repairs/improvements; endowment premiums, buildings insurance (if a condition of the mortgage); Capital repayments

- Standard Disability Related Expenditure Disregard of £20. This should be given to every service user regardless of which benefits they are on.

Those service users who are in receipt of a disability benefit may opt for an individual assessment. See Section 5.

After all the above deductions you will be left with a figure that is income available for charging. You then need to work out 85% of this figure and insert it in Box F.

## 3.10 Working out the cost of services

This section needs to be filled in for all service users (including those with over £21,500 as it may affect the charge). The amount should be provided by Care Management or obtained from Swift.

If the service is provided on different days each week you will not be able to fill in which days service is received. Instead record the total number of hours received each week. If this also varies give an average figure worked out over an appropriate period.

## 3.11 What to do if Service User receives less than usual service

Service users who pay the full cost of their service should have their charge reduced for each half hour less service they receive in any week (Monday-Friday). Service users whose charge is based on 85% of their income should only see a reduction in their charge if the cost of their service falls below their usual charge. In this case their charge should reduce to the cost of their service.

Care Management are responsible for informing Finance of missed service in any one week (either using the Service Confirmation Sheet or by email). Finance will then work out whether an adjustment to the charge needs to be made.

## 3.12 Determining the charge

**3.12.1 The charge for single people and one of a couple (half-couple):** The service user will be charged either 85% of the income they have available for charging (Box F) or the cost of their service (Box G) whichever is the lesser figure.

**3.12.2 The Couples Assessment**: If the service user's partner is willing to disclose their income and capital a joint assessment can be carried out to determine whether they would be better off assessed as a couple.

Follow the step 7 of the CM10 to see if the service user's charge can be reduced. A service user is most likely to benefit from this if their spouse has a much lower income than they have.

## 4. DISABILITY RELATED EXPENDITURE ASSESSMENT

Service users with less than £21,500 are already allowed a standard disability-related disregard of £20. If a service user who is on a disability benefit believes they have higher disability related expenditure they can request an individual assessment. If the figure arrived at is higher than the £20 standard disregard then use this figure instead. If lower use the £20 standard figure.

Disability-Related expenditure is expenditure incurred as a **direct result** of a person's disability or illness. It is expenditure **over and above** what a non-disabled person of the same age would spend.

Disability benefits for the above purpose are:

- Attendance Allowance
- DLA Care Component (middle or higher rates only)
- Constant Attendance Allowance
- Exceptionally Severe Disablement Allowance.

**The additional expenditure should be a direct result of an issue identified in the Care Plan.**

The FACS criteria should also be applied to determine if the service user was not granted additional expenditure would this place service user at risk.

When undertaking a Disability Related Expenditure Assessment it should be explained to the service user that they will need to provide comprehensive information and documentation to evidence their additional expenditure.

It is important to note that unless the assessment results in a figure higher than the standard £20 disregard, the charge will **not** be reduced.

**DISABILITY RELATED EXPENDITURE ASSESSMENT FORM – CM10 (i)**

| Title: | Name: | KCC ID: |
|---|---|---|

| Care Manager: | |
|---|---|
| Date Completed | |

Please list below all items of additional expenditure linked to individual's disability/health problem. These items should be related to the care plan.

| Item | Average/Threshold (if applicable) | Client's Expenditure | Difference |
|---|---|---|---|
| | | | |

**Add the extra expenditure for each item to find the total DREA for the service user. Then put to the total figure in the appropriate place in Step 4 of the CM10**

**Disability Related Expenditure – some helpful guidelines from the National Association of Financial Assessment Officers**

**NB – updated figures for 2007 are not yet available**

## Heating Allowances

**2006/7 Figures**

| | **Standard** | **N East/ EMidlands** | **N.West/ W/Midlands** |
|---|---|---|---|
| Single person - Flat/Terrace | £567 | £584 | £607 |
| Couple – Flat/Terrace | £747 | £769 | £799 |
| Single person – Semi Detached | £602 | £621 | £644 |
| Couples – Semi Detached | £792 | £815 | £846 |
| Single – Detached | £731 | £753 | £783 |
| Couples – Detached | £964 | £981 | £1020 |

**Only allow expenditure that is over and above these figures and only if it is directly related to the person's disability or health problem (not for example because there are extra people in the household).**

**Other Costs of Disability**

The following are recommended allowances for possible identified items and examples of reasonable evidence requirements prepared by NAFAO.

| ITEM | AMOUNT | EVIDENCE |
|---|---|---|
| Community Alarm System | Actual cost unless included in Housing Benefit or Supporting People Grant | Bills from provider |
| Privately arranged care | Actual cost if Social Worker confirms requirement as part of the Care Plan and Council supported care is reduced accordingly | Signed receipts for at least 4 weeks using a proper receipt book |
| Private Domestic help | Actual cost if Social Worker confirms requirement as part of the Care Plan and Council supported care is reduced accordingly | As privately arranged care |

| | | |
|---|---|---|
| Laundry/Washing Powder | £2.74 per week | Care Plan will have identified an incontinence problem. Identify more than 4 loads per week |
| Dietary | Discretionary as special dietary needs may not be more expensive than normal | Details of special purchases |
| Gardening | Discretionary based on individual costs of garden maintenance | As privately arranged care |
| Wheelchair | £2.85 per week manual<br>£6.94 per week powered | Evidence of purchase. No allowance if equipment provided free of charge |
| Powered bed | Actual cost divided by 500 (10 yr life) up to a maximum of £3.18 per week | Evidence of purchase if available |
| Turning bed | Actual cost divided by 500 up to a maximum of £5.54 per week | Evidence of purchase if available |
| Powered reclining chair | Actual cost divided by 500 up to a maximum of £2.52 per week | Evidence of purchase if available |
| Stair-lift | Actual cost divided by 500 up to a maximum of £4.47 per week | Evidence of purchase without DFG input |
| Hoist | Actual cost divided by 500 up to a maximum of £2.20 per week | Evidence of purchase without DFG input |

## 5. EXCEPTIONAL DISCRETIONARY DISREGARDS

In addition to disability related expenditure a service user may have other exceptional expenditure, which makes it difficult for them to pay the assessed charge. For example – debt repayments, cost of transport, expenses not fully covered by the disability related expenditure disregard.

Where you have used your discretion and identified an Exceptional Discretionary Disregard you will need to:

- Record the circumstances on the CM19 form
- Seek approval from the appropriate delegated authority before completing the calculation. These are

| | |
|---|---|
| Up to £50.00 | Team Leaders |
| £50.01 - £75.00 | District Managers |
| £75.01 and above | Heads of Adult Services |

## 6. RETROSPECTIVE CHARGING FOR DOMICILIARY CARE SERVICES

When a domiciliary care service is in place there are two situations when the need for retrospective charging may arise.

### 6.1 Following benefits maximisations the client's income is increased

Typically this involves the receipt of Attendance Allowance or DLA Care but it could involve any benefit including Income Support and Pension Credit. This will be backdated to the date it was applied for and logically so should an increased charge if this applies.

**Example to illustrate benefit maximisation and retrospective charging**

**1 January -** domiciliary care packages starts; service user is assessed as being nil charge because of their income - they are not on Attendance Allowance. On same day an application is logged with DWP for AA (they send out forms and as long as returned within 6 weeks, the award will run from 1 January).

**7 April** – service user informed that awarded AA which she starts being paid. She also receives a cheque for arrears of AA going back to 1 January. She may now have a charge as her income is higher. This should be backdated to 1 January.

In order for the above policy to work service users must be informed in writing that this will happen and what their new charge will be if/when their benefit is awarded.

### 6.2 A reduction in charge

If the Service User is assessed as needing a reduction in their charge and this should have applied from an earlier date, then the reduction will be backdated to the date of the change.

## 7. CHARGING FOR INTERMEDIATE CARE SERVICES

According to the Local Authority Circular (2001)(1) Intermediate Care Services should be regarded as describing services that meet **all** of the following criteria:

a. are targeted at people who would otherwise face unnecessarily prolonged hospital stays or inappropriate admission to acute in-patient care, long term residential care, or continuing NHS in-patient care.

b. are provided on the basis of a comprehensive assessment, resulting in a structured individual care plan that involves active therapy, treatment or opportunity for recovery.

c. have planned outcome of maximising independence and typically enabling patient/users to resume living at home.

d. are time-limited, normally no longer than six weeks and frequently as little as 1-2 weeks or less; and

e. involve cross-professional working, with a single assessment framework, single professional records and shared protocols.

**Therefore any services which form part of a domiciliary care package must be provided free of charge where they are:-**

a. an integral part of time-limited intermediate care package, lasting up to six weeks or exceptionally, a slightly longer period following review.

b. distinct from existing home care support being arranged for the individual (see above criteria)

N.B.

1. Intermediate Care services are time-limited and usually last no longer than 6 weeks, although in exceptional circumstances the period of stay may have to be briefly extended. Exceptional extensions beyond six weeks should be subject to a full re-assessment and should be authorised by line managers.

2. Service users in this category should still have their benefits maximised

## 8. OPTIONAL EXTRAS

Some service users may wish to purchase services in addition to their care packages e.g. extra time to polish brasses, shine windows etc. This additional help may well be purchased from the same agency and may well be provided by the same home carer who visits for Adult Social Services– this is often at the customer's express wish.

In these cases it is important to give the service user something in writing that states clearly what is provided by KCC at the subsidised rate and what is **purchased PRIVATELY AT FULL COST**. It should also state that service arranged privately will not be invoiced or paid through KCC COLLECT. The

PRIVATE element will **NOT** appear anywhere on the **CM10** and will **NOT** be included in the calculation of the charge for domiciliary services.

## 9. VOLUNTARY CONTRIBUTIONS

A small number of service users insist, on principle, on paying more than the assessed charge, perhaps even **as a condition of accepting services**.

It remains the case to allow voluntary contributions in excess of the assessed charge in these instances. Such agreements should be confirmed in writing with an explanation of the voluntary nature of the additional contribution and a reminder of the opportunity for the service user to request reassessment and review the arrangement at any time.

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# Charging for Domiciliary Care (care in your own home)

## KENT COUNTY COUNCIL’S POLICY

**Information for service users, relatives and carers**

**October 2007**

**Care Manager:**

..........................................................................................

**Telephone Number:**

..........................................................................................

**Financial Assessment Officer:**

……………………………………………………………….

**Telephone Number:**

……………………………………………………………….

**Our documents are also available in other languages, on tape and in Braille.**

**To request a copy in a different format please telephone 08458 247100 or visit www.kent.gov.uk**

# Charges for personal care in your own home

In choosing a home care provider you will want to assess and compare the quality of care provided from the a range of providers.  The commission for Social Care Inspection (CSCI) registers and inspects domiciliary care providers and publishes reports on how well each one meets national minimum standards.  You can get copies of these reports from CSCI through their website at **www.csci.org.uk** or by phoning 0870 240 7535.

The Health and Social Services and Social Security Adjudications Act 1993 gives Local Authorities the discretionary power to charge for services provided in your own home.

Kent Adult Social Services make a charge for most of the services it provides.  We need contributions from service users towards the cost of services, so that we can continue to help as many people as possible.

There is no charge for an assessment of your needs or any advice you receive from us.

There are weekly charges for some of the care that Social Services arranges to help people to continue to live in their own home. The charge is not only for services we provide ourselves, but also for those that we pay other organisations to provide on our behalf.  Services may also be purchased through a Direct Payment.  This is where we give you an amount of money for you to spend on your assessed need.

All charges are made to the service user, not the carer or relatives.

# The Charging System

**Charges for personal care**

You have a right to a community care assessment regardless of your financial circumstances. During the assessment process you will have an opportunity to identify the needs you have and how you would like to meet them in order that you can maintain an independent lifestyle. We will then tell you what needs we can assist you in meeting and the level of support we can provide. At this stage you will be asked whether you would like a cash payment, which is called a Direct Payment, or whether you would like us to arrange the service for you. If you choose to have a Direct Payment and would like assistance we will work with you to plan how this money is spent and to secure the service.

We will tell you how much (if anything at all) you will have to contribute towards the cost of your support services and if you do how much that will be.

Under the domiciliary charging rules, people who have savings or investments of more than £21,500 will pay the full cost of their care.

If you have savings under £21,500 you will be assessed to see if you are able to make a contribution to the cost of your support. Jointly held savings will usually be divided by 2.
If you have savings or investments between £13,000 and £21,500 we will take into account an assumed income of £1 per week for every £500 or part of £500. For example, if you have savings of £14,500, we will assume a weekly income of £3; if you have savings of £15,350 we will assume of weekly income of £5.

We will ignore your savings or investments if they are less than £13,000.

Your contribution will be based on your weekly income, including pensions and benefits (for example. Attendance Allowance and Disability Living Allowance – Care Component only).

We will work out your charge from the information you give us about your income and savings.

**The value of your home is not used when calculating your charge.**

# Income we do not take into account

When working out your charge certain types of income will be ignored. These include

- Earnings and paid expenses from work
- Working Tax Credit;
- Disability Living Allowance (Mobility Component);
- Carer's Allowance;
- The Savings Credit part of Pension Credit
- Social Fund payments
- Christmas bonuses paid with many benefits
- Winter Fuel Payments
- Payments from the Independent Living Fund
- Child Benefit
- Child Tax Credit
- Housing Benefit
- Council Tax Benefit
- Gallantry Awards
- Payments

- War Widows Pensions and War Widows Special Payments
- War Disabled Pensions (except Constant Attendance Allowance and Exceptionally Severe Disablement Allowance elements)

There is up to a £20 disregard on:

- Charitable Payments

# How does Kent Adult Social Services work out the charge?

Meals and day care will not be included in this calculation and will be charged for separately.

**STEP 1**

We will work out the cost of the support we have agreed to provide:

**STEP 2**

We will calculate how much capital (e.g. savings, investments etc) you have. If you have over £21,500 you will be expected to pay the full cost of your support. If you have less than this we will calculate your income as follows.

**STEP 3**

We will add up all the income you have which we are allowed to take into account.

**STEP 4**

We will deduct from your income certain amounts including the following:

- basic Income Support or Pension Credit plus 25%
- certain housing costs (e.g. rent/mortgage/council tax)
- a standard amount of £20 per week for disability-related expenditure

Disability-related expenditure is expenditure incurred as a direct result of your disability or health problem. It is expenditure over and above what a non-disabled person spends and must be related to issues identified in your support plan.

If you are receiving a disability-related benefit, you can request an individual disability-related expenditure assessment if you so wish.

**We will be left with an amount that is income available for charging. In some cases this figure will be Nil.**

## STEP 5

We will then charge you the lesser of the following two amounts:

- 85% of the income you have available for charging **OR**
- the cost of your support.

## Couples

If you are one of a couple we will look at your income and half of any joint income and savings. We will, if you wish, assess your charge taking into account the financial circumstances of both you and your partner. We will then compare this charge to the charge worked out based solely on your own income and charge you whichever is the lowest amount.

Please note if you are purchasing your services through a Direct Payment, your contribution will be calculated as described above. This will then be deducted from the amount of the Direct Payment you are given. To find out more contact the Direct Payment Support Line on: **01304 841987** or look at the website: **www.kentdp.co.uk**

# Important Questions

**Will my partner's income be used in my calculation?**
Only your income and capital and half of any income or capital held jointly will be taken into account.
However, if it would leave you better off, we can assess you as a couple.

**What happens if I cannot afford to pay?**
If you are in serious financial hardship, you can apply to have an "exceptional discretionary disregard" levied against your charge. If you think this may apply to you ask for further details from your care manager

**Will I have to sell my house to pay for my support?**
No, the value of your house is not used to calculate your charge for domiciliary care.

**What happens if I refuse to tell you how much money I have?**
If you do not wish to discuss your financial situation with Kent Adult Social Services you will be charged the full cost of your care.

**What happens to the information that I give to Kent Adult Social Services?**

Any information that you provide us about your finances will be treated as confidential. However, with your permission we may discuss your benefit entitlement with the Department for Work and Pensions and the District Council.

**What do I do if my income changes?**
Changes in your income may well affect your charge. You must therefore inform us if your income, benefits, savings or investments change. In addition you should note that all charges are reviewed on an annual basis to take account of changes to benefits, pensions etc.

**What happens if I receive less than my usual service?**
If you are paying the full cost of your service then you will be charged for the actual service you receive. If you are paying less than the full cost then your charge will only reduce if the cost of your service falls below your charge.

**Will my charge ever be backdated?**
Your charge will normally only apply from the date we are able to carry out a financial assessment. This will normally take place before your support service begins but if there is any delay we will only charge from the date of the financial assessment.

In some circumstances your charge will be backdated. These circumstances include:

- You receive backdated payments of a benefit (for example Attendance Allowance/DLA Care Component). If this will affect your charge then any increase will also be backdated. You may therefore be asked to give us a proportion of the lump sum you receive in backdated benefit (you will still be better off by claiming).

- you are assessed as needing a reduction in your charge and this should have applied from an earlier date. In this case the reduction will be backdated to this earlier date and you will receive a refund

**What happens if I refuse to pay?**

We will take legal action to get back any money you owe us, although your services will not be stopped.

# Paying for Support Services

You will be sent a bill covering the four weeks care you have just received.

Your first bill could be for longer than four weeks as there could be a delay in getting your details entered onto the billing system.

You will be expected to settle your account within ten days of receiving your bill.

# How do I Pay?

We would prefer for you to set up a Direct Debit. Direct Debits are a more cost effective and efficient means of payment collection. If you choose this option we will send you a Direct Debit form to complete and return to us.

If the amount to be paid or the payment date changes, Kent County Council will notify you 10 working days in advance of your account being debited.

However, you can also pay:

- Over the counter by cash or cheque at any Post Office or bank free of charge
- Via the internet

**Do not send us cash through the post**
If you have any other queries about methods of payments or charges please phone us on the number on your bill.

# Benefits Issues

**Over £1billion of social security benefits go unclaimed every year.** We want to make sure that you don't lose out. The main social security benefits, which you may be entitled to, are listed briefly below. More detailed information is available from your local care management team
**Attendance Allowance** is available to ill or disabled people aged 65 or over who need help or encouragement with personal care such as washing or dressing or need to be kept an eye on because of dangers to themselves or other people.

**Disability Living Allowance -** is available to ill or disabled people under 65 years of age who need help or encouragement with personal care or need to be kept an eye on or who have walking difficulties. It has two parts - a Care Component and a Mobility Component.

**Both Attendance Allowance and Disability Living Allowance are NOT taxed or means-tested and do not depend on you having paid any National Insurance contributions .**

**Carers Allowance (formerly Invalid Care Allowance)-** is paid to carers who look after people getting either Attendance Allowance (any rate) or Disability Living Allowance Care Component (at the middle or higher rate). Recent changes mean that carers over 65 can also claim this benefit. In many cases carers over 60/65 will not actually receive the Carers Allowance because it cannot be paid at the same time as State Retirement Pension. However, it is still worth claiming, as this will entitle that person to extra Pension Credit (via a Carers Addition).

**Incapacity Benefit -** is available to people who are incapable of work. There are now two types of Incapacity Benefit. For those claiming after the age of 20 (25 in some cases) you must have paid enough National Insurance Contributions to qualify. For those under 20 (under 25 in some cases) National Insurance Contributions do not matter. Severe Disablement Allowance, also paid to people incapable of work, was abolished for new claimants in April 2001 but some people already on this benefit will still be receiving it.

**Industrial Injuries Disablement Benefit** - is paid to those who have suffered disablement caused by an industrial accident or prescribed disease. How much benefit you get will depend on the nature and extent of your disability.

**The War Pensions Scheme** - provides benefits for disablement caused or worsened by armed forces service. You can claim for any medical condition providing you can show a link to your service - it can be psychological as well as physical. Civilians physically injured during the Second World War may also be able to claim. For more information, contact the Veterans Helpline on **0800 1692277**.

**Income Support** - is a means-tested benefit for people not in full-time work. You must have savings of less than £16,000. Income Support can be paid to you in full if you have no income or as a “top-up” to certain other benefits or income you may be getting. If you make mortgage interest payments you may be able to get help towards this from Income Support.

**Pension Credit** - from 6 October 2003 this has replaced Income Support for people aged 60 and above. Unlike with Income Support there is no upper capital limit. Pension Credit has two parts.

'Guarantee Credit **-** this tops up a pensioner's income to certain minimum levels. It can include help with mortgage interest payments.

Savings Credit **-** this is extra money paid to reward people who have savings or additional pensions.

**Housing Benefit** - is a means-tested benefit for people who live in rented accommodation. Your savings must be below £16,000 (unless you receive the Guarantee part of Pension Credit) and you must be on a low income.

**Council Tax Benefit** - is a means-tested benefit for people who have to pay council tax. Your savings must be below £16,000 (unless you receive the Guarantee part of Pension Credit) and you must have a low income.
You can claim Housing Benefit and Council Tax Benefit whether you are working or not.

**Community Care Grants** - are one-off payments from the Social Fund. They are for essential items for example bedding, cookers, fridges etc. They are paid to help people who are moving from a residential setting into the community or to help people remain in the community. You must be getting (or likely to get) Income Support or Pension Credit to qualify. Any savings you have over £500 (or £1,000 if you are aged 60 or over) are taken into account. You can also get help with essential travelling costs such as visiting a sick relative.

**Working Tax Credit** - this came into force in April 2003 and replaces Working Families Tax Credit and Disabled Persons Tax Credit. It provides a top up to the wages of low income workers. Those with dependent children and/or a disability need to be working for 16 hours a week. Otherwise claimants need to be 25 or over and work at least 30 hours a week. Childcare costs can be taken into account in the assessment.

**Child Tax Credit** - this came into force in April 2003 and replaces the child elements in Income Support, Income-based Job Seekers Allowance, Working Families Tax Credit, Disabled Persons Tax Credit and the Childrens Tax Credit. It is paid to people with children whether they are in work or not.

**Documents the Financial Assessment Officer may need to see**

Listed below are the kinds of documents we would like you to have ready when the visiting officer arrives. Some of these may not apply to your circumstances.

**Income**

- A document showing your pension book or letter showing how much you receive
- A document showing your Occupational or work pension
- A document setting out your War Pension
- Recent payslips
- Proof of Payments from a Trust Fund or Annuity
- Proof of any rent you have paid
- Benefit books or details of any benefits you receive e.g.Attendance Allowance, Disability Living Allowance, Pension Credit, Income Support, Incapacity Benefit, Child Benefit, Housing Benefit, Council Tax Benefit
- Proof of any other income

**Savings and Investments**

- Bank statements
- Building Society statements or books
- National Savings Bank or Post Office books
- stock and share certificates
- Premium Bonds and National Savings Certificates
- Details of endowment policies
- Evidence of Income Bonds;
- Evidence of Trust Funds
- Evidence of any other savings

**Housing Costs**

- Details of your Rent and/or service charges
- Details of your Council Tax
- A letter showing your mortgage payment
- A letter showing your outstanding mortgage
- Details of any other loans

In order to claim benefits to which you may be entitled, the visiting officer may need to see some additional evidence of your identity such as Passport, Marriage Certificate, Birth Certificate, Driving Licence etc.

If someone acts for you and is your legal power of attorney or receiver, the visiting officer will need to see a copy of the legal document.

## For more information contact your nearest Kent Adult Social Services Office

**Ashford**
Civic Centre
Tannery Lane
Ashford
TN23 1PL
Tel: 08458 247100
Fax: (01233) 205700

**Canterbury**
Brook House
Reeves Way
Whitstable CT5 3SS
Tel: 08458 247100
Fax: (01227) 762218

**Dartford**
St Lawrence House
48 West Hill
Dartford DA1 2HG
Tel: 08458 247100
Fax: (01322) 289343

**Dover**
3-4 Cambridge
Terrace
Dover CT16 1JT
Tel: 08458 247100
Fax: (01304) 242783

**Gravesham**
Joynes House
New Road
Gravesend DA11 0AT
Tel: 08458 247100
Fax: (01474) 320741

**Maidstone**
Bishops Terrace
Bishops Way
Maidstone ME14 1LA
Tel: 08458 247100
Fax: (01622) 691135

**Sevenoaks**
Tricon House
Old Coffee House
Yard
Sevenoaks
TN13 1AH
Tel: 08458 247100
Fax: (01732) 743275

**Shepway**
Queen's House
Guildhall Street,
Folkestone CT20 1DX
Tel: 08458 247100
Fax: (01303) 220751

**Swale**
Avenue of
Remembrance
Sittingbourne
ME10 4DD
Tel: 08458 247100
Fax: (01795) 420016

**Swanley**
The Willows
Hilda May Avenue
Swanley
BR8 7DT
Tel: 08458 247100
Fax: (01322) 611036

**Thanet**
St Peter's House
Dane Valley Road
Broadstairs CT10 3JJ
Tel: 08458 247100
Fax: (01843) 864874

**Tonbridge**
Croft House
East Street
Tonbridge TN9 1HP
Tel: 08458 247100
Fax: (01732) 770319

**Tunbridge Wells**
Montague House
9 Hanover Road
Tunbridge Wells
TN1 1EZ
Tel: 08458 247100
Fax: (01892) 549804

## If you would like to comment or complain, please contact one of our Customer Care Teams

St Peter's House
Dane Valley Road
Broadstairs
CT10 3JJ
Tel: 08458 247100

17 Kings Hill Avenue
Kings Hill
West Malling
ME19 4UL
Tel: 08458 247100

## If you have a query regarding your financial assessment please contact one of our Financial Assessment Teams

**St Peter's House – (covering Thanet, Dover, Canterbury)**

St Peter's House
Dane Valley Road
Broadstairs
CT10 3JJ
Tel: 08458 247100
Fax: (01843) 864874

**Kroner House – (covering Ashford, Shepway, Swale)**

Kroner House
Eurogate Business Park
Ashford
TN24 8XU
Tel: 08458 247100
Fax: (01233) 642973

**Kings Hill – (covering Maidstone, Tonbridge & Malling, Tunbridge Wells, Gravesham, Dartford, Sevenoaks, Swanley)**

17 Kings Hill Avenue
Kings Hill
West Malling
ME19 4UL
Tel: 08458 247100
Fax: (01732) 525309

**If you have any questions regarding the information in this booklet please contact a member of:-**

**The Adult Services Policy Team**
**Brenchley House**
**123/135 Week Street**
**Maidstone**
**Kent**

**Tel:- 08458 247100**