

By: Graham Gibbens, Cabinet Member Adult Social Care and Public Health
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To: Adult Social Services and Public Health Policy Overview and Scrutiny Committee – 7 April 2011.

Subject: **NON - RESIDENTIAL CHARGING POLICY CHANGES**

Classification: Unrestricted

Summary: Proposed amendments to the Domiciliary Charging Policy designed to increase the Directorate's income in line with the Council's Medium Term Plan.

Introduction

1. (1) This report will update Members on the proposed amendments to the Domiciliary Charging Policy designed to increase the Directorate's income and the intention to rename the Domiciliary Charging Policy as the Non - Residential Charging Policy so that it will more accurately reflect the charges that are levied.

Policy Context

2. (1) The legal powers required to charge for non residential services are contained within Section 17 of the Health and Social Services and Social Security Adjudication Act 1983 (HASSASSAA). This gives local authorities the discretionary power to charge.

(2) In 2001 the Department of Health issued statutory guidance on how charging policies should be carried out. This was contained within LAC(2001)32: Fairer charging policies for home care and other non-residential services – guidance for councils with social services responsibilities. The final guidance was issued in September 2003.

(3) In 2009 the Department of Health published 'Fairer contributions guidance: calculating an individual's contribution to their personal budget', with an updated version issued in October 2010. This is a supplement to the 2001 guidance and does not replace the original guidance and its principles still apply.

(4) KASS has a Domiciliary Charging Policy which complies with the 2001 fairer charging guidance and was last changed in October 2007. The policy refers to 'care provided at home' and also states that 'KASS currently charge for personal budgets in line with their existing non-residential charging policy'.

(5) The Directorate publishes annually a public facing document entitled 'Charging for Care Provided at Home (domiciliary care)', a copy of which is given to all service users by Case Management.

(6) Both the 'Domiciliary Charging Policy' and the 'Charging for Care Provided at Home' booklet give the impression that they are about charging for care provided in the home. The Fairer Charging Guidance does refer to Homecare and other non-residential services. In practice, the Directorate raises charges for services that are provided both within and outside of the home, but the current policy and booklet leave that open to challenge and confusion.

Proposed Amendment 1 – Change of Policy Name

3. (1) It is proposed that the Domiciliary Charging Policy is renamed as the Non – Residential Charging Policy and that the Charging for Care Provided at Home should be redrafted to reflect the change.

Proposed Amendment 2 - Increase % of net disposable income taken into account:

4. (1) The charging process basically compares the cost of an individual's care to their net disposable income (ndi) and charges them the lower of the two figures. The ndi is the weekly income that an individual is left with after allowing a statutory amount that the Government has determined they require for day to day living expenses. It is derived from a financial assessment of their means and is effectively the amount of money each week they can afford to contribute to the cost of their care. Currently only 85% of the ndi is taken into account when charging. It is proposed that this is increased to 100% which will deliver additional income in the region of £1.350m per annum.

(2) This will not impact on those people who are already paying the full cost of their service (900) or those people who do not contribute to their care (3300). However, it will impact on those people who are making a contribution to their service (3400).

(3) The last change to this percentage was made in October 2007 when it was increased from 65% to 85%.

(4) This proposal will increase charges for those people contributing to their care by approximately £6 per week although it must be stressed that there is a wide variation of charges so many individuals will experience a greater financial increase.

(5) This proposal should be considered in conjunction with proposed amendment 3 as broadly the same cohort of individuals will be affected by both proposals and practical implementation of both will take place in tandem.

(6) Many local authorities including Medway, East Sussex, Bromley, Buckinghamshire and Croydon already charge at 100% (ndi) with others remaining between 80% and 95%.

Proposed Amendment 3 - Reduce the standard allowance for the Disability Related Expenditure Assessment (DREA):

5. (1) Councils are required to offer a Disability Related Expenditure Assessment to anyone who is in receipt of disability related benefits. The intention is to ensure that the additional cost incurred as the result of an individual's disability or illness are allowed for when calculating their charges. A DREA will consider the additional costs that an individual faces as a result of their disability. These costs are converted into a weekly

value which is deducted from their ndi to give a lower figure available for charging purposes.

(2) KASS has introduced a standard allowance which currently stands at £21 per week, but if anyone feels that their costs exceed this figure they are entitled to an individual DREA. It is proposed that the standard allowance is reduced to £17 per week and it is anticipated that this will deliver additional income of approximately £0.742m per annum. This will increase the charge to those service users who contribute to the cost of their care by £4 per week

(3) This will not impact on those people who are already paying the full cost of their service. However, it will impact on those people who are making a contribution to their service (3400) and it is estimated that it will affect approximately 250 people who are not currently contributing to their care and will face charges of up to £4 per week.

(4) This will affect broadly the same cohort of individuals who are affected by the proposed amendment 2 and will mean an average increase of approximately £10 per week. However, relatively few people will be paying the average charge and it is anticipated that whilst 1600 people will see charges increase by less than £10 per week, some 2000 people would experience increases in excess of £10 per week, with 943 of these seeing an increase of £11.10 per week.

(5) It is understood that about 50% of other local authorities undertake individual DREA assessments with the others having a fixed standard rate of between £8 and £24. However, in order to make a true comparison with Kent it will be necessary to take into account both the DREA and ndi. The levels of DREA and the ndi both having an impact on the level of charge.

(6) We also understand that other local authorities are currently reviewing their policy regarding these levels in the context of the current financial climate.

Proposed Amendment 4 - Charging Mental Health Service Users:

6. (1) It is estimated that 560 Mental Health service users are in receipt of domiciliary services and whilst it is not permissible to charge people who are receiving Section 117 aftercare, it is proposed that the remainder should be charged. It is estimated that additional income in the region of £0.160m per annum could be achieved.

(2) All other service user groups receiving domiciliary care are assessed to contribute to the cost of that care. The introduction of a charge for Mental Health service users ensures equity across service user groups.

Proposed Amendment 5 - Charging for Day Care and Transport to Day Care:

7. (1) Day care is accessed in the following ways:
- KCC provided within residential care homes (older people)
 - KCC provided within integrated care centres (older people)
 - KCC provided within stand alone day centres (older people)
 - KCC provided within 'day centres' for people with a learning disability
 - KCC commissioned private sector day care
 - Voluntary sector day care
 - Purchased using a Direct payment

(2) Approximately 2900 people are recorded on the directorate's business system as being in receipt of day care. Of these, 1800 are also receiving a domiciliary package and most of these people will already be making the maximum contribution to their care so their charges will not be affected by this proposal. However some will be paying the full cost of their domiciliary care and therefore could make an additional contribution to their day care.

(3) It is proposed that the cost of day care and the cost of transport to day care are included as part of the cost of service in the charging process and therefore become chargeable services. This will impact on the 1100 people who only appear to be receiving day care services on the directorate's business system and it is estimated that additional income of approximately £0.700m per annum will be achieved.

(4) This proposal will also impact on service users who choose to take their Personal Budget as a Direct Payment and use it for day care services as the current system introduces inconsistencies in the way charging is applied.

Fairer Contributions Guidance – Calculating an Individual's Contribution to their Personal Budget

8. (1) This guidance was issued in July 2009 under Section 7 of the Local Authority Social Services Act 1970, with the requirement for it to be implemented by April 2010.

(2) If the proposed amendments 4 and 5 are agreed then the charging policy will be more equitable and treat every one the same regardless of the service they choose to meet their needs. This will also remove the perverse incentive under the existing policy where some people choose day care as opposed to other more suitable alternatives to meet their needs on the grounds that they will not be charged.

(3) If the proposed amendments 4 and 5 are agreed then this will move the Directorate even closer to a position where 100% of the personal budget will be chargeable.

Implementation

9. (1) Full consultation will be undertaken with service users, their representatives and voluntary organisations and public meetings are also planned.

(2) Adequate preparation is essential in order to properly consult and gather the information to inform any member decision. Therefore it is planned to commence consultation in the summer.

Impact on Individuals

10. (1) An indication of the potential impact on individuals is referred to under the proposed amendments 2 and 4 above. As an individual's charge is directly related to their **individual** financial circumstances it is advisable not to generalise about the impact on individuals from specific examples. However 3 examples of the impact of the proposed amendments 2 and 3 are attached at Appendix 1 for illustrative purposes.

(2) The introduction of charges for Mental Health service users will impact on individuals based on their means. Potentially some service users will pay the full cost of their care, some will make a contribution to their care and some will contribute nothing. Within the current cohort of chargeable service users it is estimated that 12% pay the full cost of their care, 45% make a contribution and 43% receive the service free of charge.

(3) A more complex algorithm will result from the inclusion of day care / transport costs. Many service users will already be receiving another chargeable service and will be contributing their maximum contribution to their care so will see no increase in their charges. Some service users will be in a similar position but will be paying the full cost of their care and these people will see an increase in their charges. A further group of people will only be in receipt of day care/transport services and these people may pay the full cost, may make a contribution or may pay nothing at all.

(4) In line with the existing policy we will consider using discretionary power to apply disregards in cases of exceptional hardship on an individual basis.

Comparison with other Local Authorities

11. (1) Charging Policies vary from authority to authority in respect of the amount of an individual's net disposable income they take into account when assessing the contribution they should pay towards the cost of their care. Kent currently only takes into account 85% of an individual's disposable income which is less than other neighbouring authorities including Medway, East Sussex, Bromley, Croydon and Buckinghamshire who take 100% into account. It is notable that West Sussex, propose to move to 100% from 1st April 2011.

(2) Kent is also proposing to charge people who receive mental health services in line with other local authorities in the south east region.

Financial Implications

12. (1) The following additional income is anticipated in a full year:

Increase % to 100%	£1.350m
Reduce DREA	£0.744m
Charge MH service users	£0.160m
Charge for day care/transport	£0.700m
Total	£2.954m

(2) The savings requirement built into the MTFP is £2.9m in a full year with 50%, which equates to £1.45m, required in 2011/12.

Equalities Impact Assessment

13. (1) An Equalities Impact Assessment has been carried out and is attached at Appendix 2.

Recommendation

14. (1) Members are asked to **NOTE** and **COMMENT** on the contents of this report

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Background documents: None