

From: Andrew Ireland, Corporate Director for Social Care, Health & Wellbeing

To: Graham Gibbens. Cabinet Member for Adult Social Care and Public Health

Decision No: 14/00101

Subject: The Wellbeing Charge in Extra Care Schemes

Classification: Unrestricted

Pathway of Paper: Adult Social Care and Public Health Cabinet Committee Meeting
26 September 2014

Electoral Division: All

Summary: This paper provides background to the reason for the review of the Wellbeing Charge in Extra Care and sets out officer recommendations to the Cabinet Member for decision.

Recommendation:

The Cabinet Member for Adult Social Care & Public Health is asked to agree:

- 1) The Wellbeing Charge at the existing Extra Care Housing Schemes to be set at £15/week from 1 April 2015, with the exception of the particular circumstances at Thomas Place set out in 2) below.
- 2) The Wellbeing Charge at Thomas Place will remain at £13.91/week for existing tenants, unless they are subsequently financially assessed as being able to meet the full cost of their social care, in which circumstances it will rise to £15/week.
- 3) For new Extra Care Housing Schemes the Wellbeing Charge will be £15/week with immediate effect.
- 4) That the Corporate Director for Social Care, Health & Wellbeing, or other suitable delegated officer, undertake the necessary actions to implement this decision.

1. Introduction

- 1.1.** Extra Care Housing is a model of care that requires significant development and improvement in Kent in order to fulfil the conclusions of the Accommodation Strategy and manage demand following the introduction of the Care Act. The improvements required include the physical model of care commissioned, the types of individuals being referred and accepted to the accommodation and the costs associated including the administration of applying and assessing the charges.

- 1.2.** The Wellbeing Charge was established in the Better Homes Active Lives Housing (BHAL) Private Finance Initiative (PFI) schemes where a set charge was applied to cover the background support and emergency calls outside of the scheduled care package delivery. This was rolled out quickly and not very clearly at the time after some people had already moved in and attracted a number of complaints and Local Government Ombudsman investigations. Subsequently other extra care schemes have opened with care services and background support services commissioned differently (through Provider Managed Services and Direct Payments). This meant in Maidstone there were two extra care schemes both managed by Housing 21 and both had different charging regimes which was very difficult for case managers to operate and difficult for potential service users to understand. With further schemes opening soon with a mix of service provision and potentially charges, KCC wants to apply a considered charge to the service reflective of what other local authorities charge and make the services more attractive and affordable.
- 1.3.** Reports have been presented to the Older People Divisional Management Team on the review of the Wellbeing Charge throughout 2013/14 and the final version with recommendation for change was agreed at the meeting on 7 August 2014.
- 1.4.** A report was presented to the Social Care, Health And Wellbeing Directorate Management Team meeting on 27 August 2014 and the recommendation to reduce the Wellbeing Charge to £15 was supported by this meeting.

2. Background

- 2.1.** In response to reports submitted in October 2013 and March 2014 regarding the Wellbeing Charge, the Divisional Management Team requested that a Task & Finish group be set up to investigate the options, recommend actions and draw up an implementation plan.
- 2.2.** The Task and Finish Group considered the following options:
- a) Do nothing and leave the charge as it is.
 - b) Remove the financial assessment requirement and set a standard lower amount that all tenants are required to pay.
 - c) Reduce the level of the current contribution from £27.96 per week to a lower amount.
 - d) Remove the charge altogether
- 2.3.** Option b) was dismissed as this raised legal issues. Under Fairer Access to Care, a Local Authority has to ensure that someone's income doesn't fall below a certain level (Protected Income Level).
- 2.4.** All existing extra care schemes for Older People were included in this work as well as those that are planned to open in the future.

3. Options Appraisal

- 3.1.** The full options appraisal carried out by the Task and Finish Group was:

A) Do Nothing and Leave the Wellbeing Charge as it stands:

Benefits:

This option will continue to provide an income from the Wellbeing Charge of £112k per annum for existing schemes and £195k for those planned.

Risks:

Comparisons with other neighbouring authorities show that the level of the Wellbeing Charge in Kent is high. This could impact on the Authority's ability to implement the Accommodation Strategy and to deliver the extra 2,542 extra care units that are intended.

It could lead to even more high profile complaints and the level of debt accrued against the charge may increase.

B) Reduce the Wellbeing Charge

Benefits:

Reducing the charge to £10 or £15 per week will make extra care a more attractive financial option and support the aims of the Accommodation Strategy. The contribution, whilst reduced, would provide an income of either £36k or £55k. There would not be a requirement to carry out reassessments, as all existing tenants have been assessed already.

Risks:

This will reduce the burden on tenants who are paying the full amount, but it could lead to challenges about the whole principle of the Wellbeing Charge.

C) Remove the Wellbeing Charge altogether

Benefits:

Removing the charge will support the aims of the Accommodation Strategy and in transforming services for the future. It will provide greater choice and lifestyle determination and reduce the barrier that the Wellbeing Charge presents.

This option will provide an opportunity for extra care to contribute to the prevention strategy and increase the number of people who are living in extra care who may otherwise need higher cost residential care. Savings will be made through the implementation of the Accommodation Strategy, outweighing the loss in income.

Risks:

The precedent will be set and there may be difficulty in reintroducing such charges at a later date, if they were required.

4. Why are changes being proposed?

- 4.1.** To facilitate the Accommodation Strategy which will substantially increase the provision of extra care units across Kent making the service offer more affordable to individuals from the outset.
- 4.2.** To respond to the Local Government Ombudsman requirement for KCC to review its Wellbeing Charge.
- 4.3.** To develop a consistent approach to cover all existing and planned extra care schemes to ensure transparency and equity.

5. Policy Context

- 5.1.** The Accommodation Strategy has, as one of its core aims, to substantially increase the provision of extra care units across Kent, with the intention to develop an additional 2,542 units.
- 5.2.** The Accommodation Strategy supports the Transformation Agenda and the Prevention Strategy. It contributes to KCC's commitment to doing things differently and to encourage greater self-independence and reduce the need for expensive residential care.
- 5.3.** The Wellbeing Charge is underpinned by the Policy for Charging for Non Residential Care Services and tenants are financially assessed to identify their ability to contribute to the cost of the 24 hour support that is part of the extra care model. The maximum contribution to the Wellbeing Charge is currently £27.96 per week.

6. Current Financial Situation

- 6.1.** Within the current Better Homes Active Lives (BHAL) schemes, tenants pay an assessed contribution towards the combined costs of their care and the Wellbeing Charge. The majority, 70% have insufficient income to contribute and are assessed as nil payers. 27% contribute and pay the full amount and a small proportion 3%, pay a reduced amount.
- 6.2.** The total contribution from the Wellbeing Charge is £2,100 per week, representing an annual income of £112,000.
- 6.3.** Data from Finance shows that a debt of £17,000 has accrued against the Wellbeing Charge and of the 27% of people who do contribute; 15% have a debt to KCC for their care.
- 6.4.** The cost to KCC of providing the 24/7 core background support service across the 7 BHAL schemes is £14,000 per week (£728,000 per annum). The Wellbeing Charge contributes a relatively small proportion (14%) of the total cost of providing the service.
- 6.5.** For the new extra care schemes that are in development, assuming that the same proportion of people pay the Wellbeing Charge, the potential additional annual income is £196,000.
- 6.6.** Retaining the Wellbeing Charge of £27.96 across existing and planned new extra schemes will provide an annual income of £307,000.
- 6.7.** At Thomas Place, an extra care scheme in Maidstone provided by Housing & Care21, a completely different model of charging for the 24 hour cover exists.
- 6.8.** As part of the tenancy, those living in Thomas Place, pay an across the board amount of £13.91 per week. This funding is currently collected by Housing & Care 21. With the recent change of care provider at Thomas Place, this arrangement can no longer continue. This charge is disregarded in the KCC financial assessment as it is a cost of living meaning that KCC is underwriting this cost in some circumstances.
- 6.9.** Now is a good opportunity to develop a consistent model of charging, across all existing and new extra care schemes.

7. Other Local Authority Charges

- 7.1. The Housing Learning and Improvement Network (LIN) indicate that there is a very broad range of charges. In the absence of centrally published comparative data about the charges made, it is difficult to make comparisons.
- 7.2. Medway Council have reviewed the cost of their Wellbeing Charge and set this at £7 per week. East Sussex County Council charge £16 per week and Hampshire County Council charge £18.00 per week.
- 7.3. Kent's charge of £27.96 per week is high compared to those given above.

8. The Extent to which the Wellbeing Charge acts as a deterrent

- 8.1. There have been 2 formal complaints about the Wellbeing Charge, one of which was investigated by the Local Government Ombudsman, which recommended KCC review its policy on the Wellbeing Charge. Both complainants were full payers.
- 8.2. There is anecdotal evidence from Case Managers that when potential tenants consider all the costs of entering extra care they may be put off because of the total cost. A one bed flat in an extra care scheme typically attracts the following significant charges:

Net Rent	£128.46	eligible for Housing Benefit
Service Charge	£ 56.72	eligible for Housing Benefit
Utilities Charge	£ 7.14	(does not include electricity, telephone etc.)
Support Charge	£ 2.28	
Meal Charge	£ 13.94	(per person per week)
Wellbeing Charge	£27.96	
Total:	£236.80	

- 8.3. There have been examples where people who have been nominated for extra care flats decided not to proceed once they have become aware of the full cost involved. It is certainly a deterrent for some low/medium needs clients who do not feel the need to make a payment for on-site support when they feel they do not require it.
- 8.4. In order to achieve the aims of the Accommodation Strategy, we need to ensure that extra care is an attractive option both from a life choice perspective but also financially so that potential tenants are not excluded.

9. The extent to which Extra Care delivers savings

- 9.1. The Accommodation Strategy has evidenced that the potential cost savings to the Authority delivered by extra care, as opposed to more expensive residential care, is £6.8m.
- 9.2. Research shows that a person in residential care would typically need between 10 and 14 hours of individual care per week. The average hourly unit cost for home care is £12, so for an average package of 12 hours, the cost to KCC would be £144 per week.
- 9.3. The current cost of standard residential care is £350 per week. Once individuals have been financially assessed, it is assumed that the net cost to KCC for residential would be in the region of £250 and for extra care would be approximately £100 per week, demonstrating a saving to KCC of £150 per week per client.

10. Financial Implications

- 10.1.** Officers at both the Divisional and Directorate Management meetings have supported the recommendation that the Wellbeing Charge should be reduced to £15 per week. This brings it broadly in line with what local authorities charge and is a sufficient amount to reduce a deterrent effect, as the monthly cost for full paying tenants would reduce from £112 to £60 over 4 weeks.
- 10.2.** There is minimal impact on the majority of tenants, those that currently pay will pay less and there will not be a need to reassess tenants.
- 10.3.** Consideration needs to be given that if the charge is set at £15 per week, those tenants at Thomas Place, currently paying £13.91 will see their contribution rise to £15 if they are assessed as being fully payers. It is intended that for existing residents their amount will stay the same along with their current agreement with their landlord and for new residents they will pay the new amount to KCC.
- 10.4.** Reducing the wellbeing charge to £15 will see a reduction in income to KCC from £112,000 to £54,600 per annum.

11. Equality Impact Assessments

- 11.1.** An Equality Impact Assessment has been carried out. The impact of making changes to the Wellbeing Charge will have a positive impact on the majority of those who are currently paying it.

12. Cabinet Committee input

- 12.1. The proposed decision was considered by the 23 September 2014 Adult Social Care & Health Cabinet Committee. Officers introduced the report and explained that the purpose of the wellbeing charge was to cover such expenses as background support, non-scheduled calls and emergency responses to residents of extra care housing developments, and was means-tested. Many of the clients to whom the wellbeing charge applied were self-funders. The service charge referred to in the report covered such things as heating, lighting, cleaning and maintenance of communal areas, and any surplus funds generated by chargeable facilities could be directed towards reducing this charge.
- 12.2. Members welcomed the reduction in the charge as a sensible move which should encourage more people to choose to move into extra care housing.
- 12.3. Cabinet Committee resolved that:
- a) The decision proposed to be taken by the Cabinet Member for Adult Social Care and Public Health, after taking account of the views expressed by the committee, to reduce the wellbeing charge as follows:-
 - i) At the existing Extra Care Housing Schemes, it be set at £15 per week from 1 April 2015, with the exception of the particular circumstances at Thomas Place set out at ii) below;
 - ii) At Thomas Place, it remain at £13.91 per week for existing tenants, unless they are subsequently financially assessed as being able to meet the full cost of their social care (in which circumstances, it rise to £15 per week); and

- iii) For new Extra Care Housing Schemes the charge be set at £15 per week with immediate effect,

be endorsed; and

- b) The Corporate Director of Social Care, Health and Wellbeing, or other suitable delegated officer, undertake the necessary actions to implement this decision.

13. Conclusion

After consideration of the above officers support the recommendation that the Wellbeing Charge be set at £15 per week for existing schemes (with special circumstances for Thomas Place as detailed at 10.3 above) with effect from April 2015 and for new schemes an immediate charge of £15 per week be applied.

14. Recommendation

The Cabinet Member for Adult Social Care & Public Health is asked to agree:

- 1) The Wellbeing Charge at the existing Extra Care Housing Schemes to be set at £15/week from 1 April 2015, with the exception of the particular circumstances at Thomas Place set out in 2) below.
- 2) The Wellbeing Charge at Thomas Place will remain at £13.91/week for existing tenants, unless they are subsequently financially assessed as being able to meet the full cost of their social care, in which circumstances it will rise to £15/week.
- 3) For new Extra Care Housing Schemes the Wellbeing Charge will be £15/week with immediate effect.
- 4) That the Corporate Director for Social Care, Health & Wellbeing, or other suitable delegated officer, undertake the necessary actions to implement this decision.

14. Background Documents

None

15. Report Author

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