

NORTH LINCOLNSHIRE COUNCIL

**ADULT SERVICES
CABINET MEMBER**

SERVICE USER CHARGING SYSTEM

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 The current service user charging system needed to be reviewed in order to comply with changes in national guidance
- 1.2 The new system will be phased in over the next year.
- 1.3 The new system and personalisation means that service users/carers will have greater control and choice over their social care.
- 1.4 We will ensure that all service users are financially assessed to pay towards the cost of their services, where there is a charge it will be fair and according to their means and that only those who have the financial means are charged.

2. BACKGROUND INFORMATION

- 2.1 For service users resident in the community the Fairer Charging Guidance (2001) provides a framework for designing charging policies which are reasonable, fair, and consistent with councils' objectives in social care and with principles of social inclusion.
- 2.2 The council's Fairer Charging policy sets out the principles that apply to the assessment of a person's contribution to their care. It is based on determining their means, which is their overall income minus various disregards. The person's contribution is then calculated by comparing their means to the cost of their care package, approximately one third of financial assessments result in a nil charge. All councils are required to change the way they provide social care services and subsequently the way they make charges.

- 2.3 Implementing personalisation means that individual budgets will be calculated by allocating funds according to people's social care needs. Receiving an individual budget, a person may choose to meet his/her needs in ways that may not easily be described by current service types. Also, people may choose to use their individual budgets in different ways from week to week.
- 2.4 The implementation of personalisation and the issuing of individual budgets will mean that there is no set care package to charge against. It follows, therefore, that the way in which a person's contribution is calculated needs to be changed.

3. OPTIONS FOR CONSIDERATION

Option 1

- 3.1 Keep the council's existing charging system which charges service users for the services they receive.

Option 2

- 3.2 Implement a charging system that charges service users against the value of their personal budget and ensures the financial assessments are fair and the assessed charge is based on ability to pay.
- 3.3 Review the means test part of the financial assessment. This determines whether a person has available means to contribute to their individual budget, whatever the chargeable amount might be. This part of the policy has not been reviewed since 2003-4.

4. ANALYSIS OF OPTIONS

Option 1

- 4.1 Keep the council's existing charging system in its current form:
 - 4.1.1 The council will not comply with the Fairer Contributions Guidance.
 - 4.1.2 The council will fail to meet the requirements of personalisation. Which will be in conflict with national requirements and the principal that all service users they have the freedom to build up a package of care that best suits their needs.

Option 2

- 4.2 Phase in the revised charging system to one where the council charges against needs rather than services.
 - 4.2.1 Charging against an individual budget means that there will be no link to traditionally provided services. The charge to the service user can be independent of how a service user chooses to use their individual budget.

- 4.2.2 The practice of assessing against the individual budget would be adopted for new service users from May 2010 and progressively applied to existing service users as their care needs are re-assessed at review and they become individual budget holders.
- 4.2.3 The means test in the financial assessment will remain and will continue to determine whether a person has available means to contribute to their individual budget.
- 4.2.4 There will be different impacts on individual service users related to how they choose to use their allocation. For example: -
- By implementing personalisation and issuing individual budgets, it will be no longer possible to apply flat rate charges for short stays in care homes. This may benefit someone who currently has a medium to high charge for a home care service and who has short periods of time in a care home. In implementing personalisation the means test will indicate affordability and further flat rate charges cannot apply.
 - Where people choose to use their individual budget on services that are currently not charged for, some service users will incur charges that they have previously not paid. However, applying the means test will ensure that service users in this situation are not charged more than they can afford.
- 4.2.5 It will not be possible to apply the proposed charging system to service users who are not in receipt of an individual budget. The current charging system will need to be retained for an interim period whilst all service user have their care needs re-assessed and reviewed
- 4.2.6 In line with national guidance to avoid jumps in charges to individuals, it is proposed that where the annual value of a new charge exceeds the total annual charge under the current process by more than 15% or £10.00 per week (whichever is the greater), the increase be capped at that level until April 2011. It is not proposed to limit reductions in charges where these apply.
- 4.2.7 The retention of the existing charging rules for those receiving traditional service packages during the transition period may pose some problems with complying with the detail of the Fairer Contributions Guidance (2009). This will be due to individual circumstances and the particular services some individuals receive. These cases will be identified and interim rules applied to ensure they are not disadvantaged and the council complies with current guidance.

5. **RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 *Financial implications*

- 5.1.1 Financial modelling, using the same sample of service users as used in development of the resource allocation system (RAS), has demonstrated that the net effect of the reduction on income from the removal (for personal budget holders) of standard charges for services such as respite stays in care homes and the increase in income as a result of charging against personal budget allocations is likely to be cost neutral. So the current budgeted and approved income expectations remain valid. However, this will need careful and specific financial monitoring to ensure that any deviation from expected income levels is identified at the earliest opportunity.
- 5.1.2 Applying the cap on an increase in services charge outlined in 4.2.6 for individuals currently receiving services will reduce the total income that could be available to the council. However, the financial modelling detailed above demonstrates that this should be contained within overall income levels. The affects of the application of the cap will be monitored both on individuals and on the councils budgeted income expectations.
- 5.1.3 In line with the learning that is beginning to emerge from councils that implemented personalisation some time ago, it is proposed to further review the application by the council of the technical rules that underpin the Fairer Charging guidance. It will also be necessary to monitor the impact of the proposed charges to the council and to service users over the next six months. Options for the improvement to processes and the outcomes of the monitoring and reviews will be reported to cabinet member in the autumn of 2010.

5.2 *Staffing implications* - None

5.3 *Property implications* – None

5.4 *IT implications*

The CareFirst system and the corporate income collection systems will need to evolve to meet the changing needs but no major replacement or upgrade is anticipated.

6. **OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

- 6.1 *Statutory implications* – Failure to revise the policy may cause the council to breach the Fairer Charging guidance and fail to meet requirements of the personalisation agenda.

- 6.2 *Environmental implications* – None
- 6.3 *Diversity implications* – the new charging regime will be consistent across all service user groups. It will reflect national guidance and good practice in relation to ensuring that people are not forced into hardship by the charges or into declining services because they feel they cannot afford the charges.
- 6.4 *Section 17 – Crime and Disorder implications* - None
- 6.5 *Risk and other implications* – The proposed charging system may be advantageous for some and disadvantageous for others, therefore there may be an increase in complaints and representations. However, applying the means test and the proposed cap will ensure that nobody is charged more than they can afford and that nobody will experience significant increases to current charges this year. The autumn cabinet member report will consider how these risks can be alleviated in the future.

7. **OUTCOMES OF CONSULTATION**

- 7.1 The Department of Health undertook extensive consultation with service users, carers national pressure groups and charities and accordingly revised the guidance that underpins 'Fairer Charging' in response to comments. Locally consultation has been limited to council staff and colleagues in other councils because of the range and complexity of change issues caused by the development of personalisation. Other councils have identified the same issues but their responses reflect are different due to their own existing charging regimes. North Lincolnshire Council staff recognise the complexities of moving from the current system to one suitable for use with personal budgets but consider it offers the most equitable approach.

8. **RECOMMENDATIONS**

- 8.1 Cabinet member is asked to approve:
 - 8.1.1 That from 3 May 2010 for those service users with an individual budget, charges will be made in respect of their individual budget allocation.
 - 8.1.2 The retention of the existing charging system for those who have not yet moved to a personal budget with the application of changes outlined in the Fees and Charges report approved by cabinet member in March.

- 8.1.3 That as an interim measure for 2010-2011, apply a cap to increases in assessed charges for existing service users moving to a personal budget as outlined in 4.2.6.
- 8.1.4 Undertake a technical review of the “means test” part of the council’s fairer charging policy.
- 8.1.5 That the impact of the proposed charging system, the results of the technical review proposed in 5.1.4 and the outcomes of a local consultation exercise with stakeholders is reported to cabinet member in Autumn 2010.

DIRECTOR OF ADULT SOCIAL SERVICES

The Angel
Market Place
BRIGG
North Lincolnshire
DN20 8LD
Author: Graham Bowtle
Date: 25 March 2010

Background Papers used in the preparation of this report

Fairer Charging Policies for Home Care and other non-residential Social Services (Department of Health 2001)

Fairer Contributions Guidance - Calculating an Individual’s Contribution to their Personal Budget (Department of Health July 2009)

The Fairer Contributions Guidance consultation: a summary Response to the consultation on the Fairer Contributions Guidance (Department of Health July 2009)

Finance models.