

<b>DECISION-MAKER:</b>	CABINET		
<b>SUBJECT:</b>	MODIFIED CHARGING POLICY FOR NON-RESIDENTIAL SOCIAL CARE SERVICES		
<b>DATE OF DECISION:</b>	22 DECEMBER 2008		
<b>REPORT OF:</b>	CABINET MEMBER FOR ADULT SOCIAL CARE AND HEALTH		
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<b>STATEMENT OF CONFIDENTIALITY</b>			
None			

**SUMMARY**

Following the decision taken at the 29th September 2008 Cabinet meeting, further consultation on modifying the Non-residential Charging Policy for Adult Social Care has now taken place, and the recommendations and options arising from this are outlined in this report.

**RECOMMENDATIONS:**

- (i) To approve, with effect from April 2009, a change to the charging policy to include a more comprehensive assessment of a service user's Capital assets as part of their chargeable income in a similar way to residential care charging.
- (ii) To approve, with effect from April 2009, that 85% of a service user's net disposable income is included in the calculation of their charge, increasing to 95% in April 2010.
- (iii) To approve, with effect from April 2009, a change to the policy to end the current practice of relating charging to the type of service provided.

**REASONS FOR REPORT RECOMMENDATIONS**

1. In line with common national practice and the Government's Fairer Charging Policy, to bring the way the Council charges for non-residential and residential care closer together. This will bring greater consistency and clarity to the way the Council charges for adult social care and will enable service user's to make a more informed choice between choosing non-residential and residential care.
2. The current practice of excluding some services from charging that are deemed to be promoting independent living skills is not compatible with the operating needs of Individual Budgets (see paragraph 9).

**CONSULTATION**

3. The Cabinet has agreed that the charging policy will maintain the principles, established in the full public consultation in September 2004 with 2400 users of non-residential adult social care services, to calculate a service user's contribution towards the cost of their care based on an assessment of an

individual's net disposable income against the cost of the care package they use.

4. An initial consultation exercise involving service users and key stakeholders took place between August and September 2008 and then a further consultation took place from October to November 2008. The initial consultation results were reported in the 29<sup>th</sup> September 2008 Cabinet report. The further period of consultation consisted of:
  - Two independently run public workshops.
  - An independently run Learning Disabilities workshop
  - A Mental Health meeting with the Southampton Adult Mental Health Initiative (SAMHI)
  - Meetings with advocate organisations in the City.
5. The high level findings from consultation are included in detail at Appendix 1.

#### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

6. None applicable, because the Cabinet decision on 29th September 2008 instructed officers to further consult and report back.

#### **DETAIL**

7. Currently the Council does not take into account the capital assets of service users of non-residential adult social care as income in the same way as in residential care charging. The majority of local authorities surveyed do, but do not include the house in which the user lives. This is in line with the Government's Fairer Charging Guidance which suggests that Councils may take account of a user's savings or other capital in assessing their resources. Currently in Southampton only the annual interest from a service user's savings is taken into account. However it is proposed that the capital assets should be taken into consideration and those users with more than the upper limit (currently £22,250) will pay the full cost of care. Users with capital assets below the lower limit (currently £13,500) will have them excluded from any income assessment.

The capital assets that can be taken into account for non-residential charging are:

- Savings held in a bank, building society, post office or other savings accounts.
- Premium Bonds
- The value of bonds, stocks and shares
- The value of PEPs, TESSA and ISAs
- The market value of a second property or holiday home.

Capital assets between the lower and upper limit will have them converted into an 'assumed' weekly income. This is called a tariff income: for every £250 over the lower limit £1.00 per week is added to their income.

The upper and lower limits plus the generated income assumed between these two limits is set by the Government in the CRAG regulations and therefore subject to modification.

8. Currently in Southampton, a service user's contribution towards the cost of their care is based on 75% of their net disposable income. Of those researched, most other authorities take 100% of net disposable income into account. This report recommends that a service user's contribution towards the cost of their care is increased to 85% of net disposable income from April 2009, and then to 95% (in line with Hampshire County Council) from April 2010. If the recommendations of this report are agreed, of the 1976 service users currently receiving non residential services(excluding Direct Payments), it is estimated that:
- 903 will see no change in their charge (made up from 836 who are not currently charged and 67 paying full cost)
  - 896 will receive an increase in charge
  - 177 will receive a decrease in charge.
9. It is recommended that Cabinet decides whether the current policy position of excluding certain types of services from charging, which are deemed to be promoting independent living skills for certain client groups (such as people with learning disabilities and mental health problems), will need to stop, because this practice does not fit with the future operating needs of Individual Budgets. This is where a service user will be allocated a budget to spend on meeting their assessed needs, and is founded on the principle that the user will be able to choose from a wide variety of services and activities to meet their needs from an equally wide variety of providers or sources. Therefore defining types of service as chargeable or not chargeable would limit flexibility and may have the result of narrowing choice. This issue was highlighted during consultation and was generally recognised as a practice that needed to be changed. It was also considered important that the modified policy made the charging regime more consistent.
10. Non-residential adult social care will continue to be highly subsidised, with the Council still paying for about 83% of the cost of providing these services in the City.
11. The proposal is that a new modified Non-Residential Charging Policy will be agreed in December 2008 and will be launched in April 2009.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

12. None

### **Revenue**

13. The decision by Cabinet on 29<sup>th</sup> September agreed to remove the third formula from the financial assessment calculation, to simplify the policy. This will increase the income to the Council by an estimated £300k per annum. The implementation of the recommendations of this report to include 85% of a service user's net disposable income from April 2009, increasing to 95% from April 2010, when calculating their charge and to introduce a tariff income calculation for capital, is estimated to increase the income to the Council by a further £162k in 2009/10 and an additional £160k in 2010/11. This assumes an implementation date of April 2009 for the revised Direct Payments scheme.

### **Property**

14. None.

### **Other**

15. None.

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

16. Section 17 of the Health and Social Services and Social Security Adjudications Act 1983(as amended) provides that Councils may recover such charges as are considered reasonable in respect of relevant services. The Government has produced guidance ('Fairer Charging Policies for Home Care and other Non-Residential Social Services, revised September 2003) that required Council's to review their policies against key principles and ensure they are applied consistently. This guidance is issued under s.7 of the Local Authority Social Services Act 1970 that requires local authorities to act according to this guidance.

### **Other Legal Implications:**

17. This Statutory Guidance includes the provision that the Council should treat those receiving direct payments the same as everyone else who receives benefits in other ways (paragraph 86). This will also apply to individual budgets.
18. The Government's Guidance requires that living costs are deducted from income and that individuals with income levels below 'basic' levels of income support or the Guarantee Credit of Pension Credit, plus an additional buffer of 25% of net disposable income, must not be included in charging schemes. The remaining amount is known as an individual's chargeable 'net disposable income'. Individuals on income support or pension credit income levels are not charged at all. A copy of Government Guidance, Fairer Charging Policies for Home Care and Other Non-Residential Services (2003), has been placed in Members Rooms.

## **POLICY FRAMEWORK IMPLICATIONS**

19. None

**SUPPORTING DOCUMENTATION**

**Appendices**

**(Non-Confidential Appendices are in Members' Rooms and can be accessed on-line)**

1.	High level findings from advocate and public consultation
2.	Illustration of the changes to the current charging policy
3.	Equality Impact Assessment

**Documents In Members' Rooms**

1.	Fairer Charging Policies for Home Care and Other Non-Residential Services (2003)
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**Background Documents**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	Price Waterhouse Coopers (PWC) report - <i>Southampton City Council: Review of the Council's Health and Care charging policy for residential care services</i> (June 2008)	
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**Background documents available for inspection at:** Civic Centre

**FORWARD PLAN No:** AS03230      **KEY DECISION**      Yes

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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