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| 8 November 2018 | | ITEM: 9 |
| Health and Wellbeing Overview and Scrutiny Committee | | |
| Adult Social Care - Fees & Charges Pricing Strategy 2019/20 | | |
| Wards and communities affected: All | Key Decision: Key | |
| Accountable Assistant Directors: Les Billingham – Assistant Director of Adult Social Care and Community Development | | |
| Accountable Directors: Roger Harris - Corporate Director Adults, Housing and | | |
| This report is public | | |

Executive Summary

This report specifically sets out the charges in relation to services within the remit of Health and Wellbeing Overview and Scrutiny Committee. Any new charges will take effect from the 1 April 2019 subject to Cabinet approval unless otherwise stated. In preparing the proposed fees and charges, Directorates have worked within the charging framework and commercial principles set out in section three of the report.

Further director delegated authority will be sought via Cabinet to allow Fees and Charges to be varied within financial year in response to commercial requirements or legal requirements.

The full list of proposed charges is detailed in Appendix 1.

1. Recommendations

- 1.1 That Health and Wellbeing Overview and Scrutiny Committee note the revised fees and that Health and Wellbeing Overview and Scrutiny Committee comment on the proposals currently being considered within the remit of this committee.**
- 1.2 That Health and Wellbeing Overview and Scrutiny Committee note that Director delegated authority will be sought via Cabinet to allow Fees & Charges to be varied within a financial year in response to commercial and legal requirements.**

2. Background

- 2.1 The paper describes the fees and charges approach for the services within the Health and Wellbeing Overview and Scrutiny Committee remit for 2019/20 and will set a platform for certain pricing principles moving forward into future financial years.
- 2.2 This fees and charges paper provides narrative for the Adult Social Care areas:
- Residential and nursing care
 - Domiciliary care
 - Supported accommodation
- 2.3 The fees & charges that are proposed are underpinned in some instances by a detailed sales and marketing plan for each area. This will ensure delivery of the income targets for 2019/20, for ease these are summarised below for Adult Social Care Services covering all fees and charges income codes.
- 2.4 Individual Service Streams:

| Service | Last Year Outturn 17/18 | Revised Budget 18/19 | Forecast Outturn 18/19* | Proposed Budget 19/20 |
|---|-------------------------|----------------------|-------------------------|-----------------------|
| Appointee & Receivership | (30,617) | (30,701) | (30,995) | (30,701) |
| Blue Badges | (28,896) | (28,995) | (31,222) | (31,222) |
| Day Care Services (incl. transport) | (63,474) | (45,557) | (63,474) | (65,000) |
| Domiciliary Care | (1,271,762) | (1,089,144) | (1,091,039) | (1,089,144) |
| Extra Care | (60,700) | (84,374) | (76,121) | (84,374) |
| Extra Care - Housing | (20,172) | (22,462) | (22,462) | (22,462) |
| Meals on Wheels | (111,693) | (122,632) | (122,632) | (122,632) |
| Respite Care for Adults with Disabilities | (15,949) | (9,867) | (15,949) | (9,867) |
| Total Adult Social Care Services | (1,603,263) | (1,433,732) | (1,453,894) | (1,455,402) |

Note – Forecasted Outturn position is as of August 2018

3. Thurrock Charging Policy

- 3.1 The strategic ambition for Thurrock is to adopt a policy on fees and charges that is aligned to the wider commercial strategy and ensures that all discretionary services will cost recover wherever possible.
- 3.2 Furthermore, for future years, while reviewing charges, services will also consider the level of demand for the service, the market dynamics and how the charging policy helps to meet other service objectives.
- 3.3 Rather than set a blanket increase across all service lines, when considering the pricing strategy for 2019/20 some key questions were considered.
- Where can we apply a tiered/premium pricing structure
 - How sensitive are customers to price (are there areas where a price freeze is relevant)
 - What new charges might we want to introduce for this financial year
 - How do our charges compare with neighboring boroughs

- How can we influence channel shift
 - Can we set charges to recover costs
 - How sensitive is demand to price
 - Statutory services may have discretionary elements that we can influence
- 3.4 Due to the nature of the services and clients, there is very limited scope for the creation of tiered service charges, as these services are provided under our statutory responsibilities. Further each client's needs and financial situation is assessed on an individual case basis and most charges are means tested.
- 3.5 The following key changes are under consideration for 2019-20 fees and charges:
- Attendance Charge for Day Care – This is currently set at £10 per session (a session being a half day). It was agreed in 2015/16 to increase this to £30 over a phased period. However, this was deferred in 2016/17 due to the re-organisation of day services. Following further consideration it is proposed that the charge remain at £10 per session.
 - Domiciliary Care hourly rate – the charge is currently not shown as increasing for 2019/20. However, the rates we pay our providers currently stands at £ 16.25 per hour whereas the amount we charge service users remains at £13ph and has not increased for five years. If we increased the charge to £ 16.25 this would generate approximately £250k for Adult Social Care.
 - Placement charges declared rates have been adjusted to reflect inflationary increases, in line with the agreed nationally set process.
 - All other charges have remained unchanged.

4. Proposals and Issues

- 4.1 The fees and charges for each service area have been considered and the main considerations are set out below.
- 4.2 A council wide target of £8.912m has been proposed within the MTFs for income generation in respect of fees and charges income for 2019/20. This represents a 7.5% increase on the 18/19 income generation target and takes into consideration actual performance during 18/19.
- 4.3 For Adult Social Care this equates to a target of £1.455m to be secured through a blend of demand increases from residents and an increase in fees and charges for 2019/20. In setting this target it is to be noted that Adult Social Care has a high income from externalised services which offsets the expenditure within the external purchasing budget.
- 4.4 To allow the Council services to better respond to changes in the commercial environment for fees and charges; delegated authority will be sought through Cabinet to permit the Director of the Service Area jointly with the Director of Commercial Services to vary service charges within financial year due to commercial considerations.
- This will allow service areas, providing services on a traded basis to vary their fees and charges to reflect commercial and operational

considerations that impact the cost recoverability calculations.

- Any changes to Fees and Charges due to commercial considerations will require the consultation with, and agreement of, the relevant Portfolio Holder.

- 4.5 It should be noted that Adult Social Care currently externalises over 80% of its business activities into the independent sector using private, community and voluntary organisations.
- 4.6 In all areas of activity, residential and nursing care, domiciliary care and supported accommodation there is national acknowledgment of the financial pressure the market faces.
- 4.7 Fees and Charges are either set as declared rates within local frameworks, or individually negotiated.
- 4.8 In some cases, national guidance directs the level of charges and then individual contributions are set depending upon prescribed financial assessments, therefore full cost recovery is not always possible.
- 4.9 As almost all of our services are commissioned within a commercial framework outside of the council this accounts for the limited fees and charges collected for the minority of services provided internally.
- 4.10 For 2019/20 our current fees and charges are as follows:
- **Blue Badge Application Fee** – This is a national maximum fee detailed in the Blue Badge Guidance. It is a legally set requirement to charge no more than £10 per badge and currently cannot be changed.
 - **Day Care Charge** (per session) – for older people, is proposed the charge remain at £ 10 per session. The proposed increase was previously delayed, due to concerns on its operational impact on service users. Further, there is a risk that any increase may result in an increase in the number of users which would need to enter into full time care, as they could no longer be managed at home. The cost of full time care would present a significant cost burden to the council.
 - **Concierge charges - Extra Care** - this charge is linked to the Elizabeth Gardens “core charge” which was agreed for the term of the current contract which will come to an end in March 2019. The charges for the concierge service in extra care will be reviewed during 2019/20 based on the outcomes of the procurement exercise.
 - **Domiciliary Care** – as of April 2018 this service was commissioned at a higher hourly rate to the Council, which is currently not fully reflected in the £13 per hour charge to service users. A consultation exercise would need to be undertaken to review the current charge, in order to bring it into alignment with the actual operational cost model. If the event that a full commercial cost recovery model was adopted this would result in a direct increase to the hourly charged rate, and corresponding income.
 - **Direct Payments – Agency Rate** - Direct Payments enable individuals to arrange and purchase care themselves. These charges mirror the charges for in-house domiciliary care and externally commissioned care to

provide consistent charging, and would be subject to the same consultation exercise if undertaken.

- **Meals on Wheels** - The meals on wheels contract is a cost and volume contract which expires in March 2019. The service area is assessing the options for its future delivery, which once agreed will allow the charge to be reviewed and adjusted appropriately.
- **Pendant Alarms Private Housing** - Council decision through Cabinet was made that all assistive technology including the Call Centre response, is provided free of charge due to its preventative care benefits. This charge will remain unchanged for 2019/20.
- **Residential Homes for Older people** - This is the declared rate for our in house residential care home for older people (Collins House); service users are financially assessed to ascertain the amount they pay per week up to £600, this charge increased slightly for 2018/19.
- **Respite Adult Disability** - The current charge of £20 per session will remain unchanged for 2019/20. Although there is the option to increase charges to be more in line with a full cost recovery model, this would risk the much needed support for informal carers and is a Care Act 2014 priority. The impact of losing support from informal carers is potentially financially catastrophic therefore a balance has to be struck between cost recovery and destabilising informal care. Further, by applying the CRAG (charging for residential guidance) this would inhibit increasing the charge for 2019/20, as it would unduly impact the most financially vulnerable.
- **Elizabeth Gardens - Support per household** - £40 per week is the agreed rate under the current contract which comes to an end in March 2019. The charges for the Elizabeth Gardens service is linked to the Concierge Charges for extra care and will be reviewed during 2019/20 based on the outcomes of the procurement exercise.
- **Transport per journey** – the current charge of £2 per journey will remain unchanged for 2019/20; this is due to the fact that this is only used by residents attending the Day Care services.
- **Deferred Payments (DPA)** – this is an administrative function charge of £144 per year charged to service users who are living in residential care and who own their own property, but who chose to wait until they pass away before paying the charges for their residential place. This will be reviewed during 2019/20 to understand if it needs changing for future years.
- **Placement**

| Commissioned service : External Spot Placements | Rate | Comments |
|--|--------------------------------|--|
| Residential Placement – Standard Room | declared rate of £465 per week | service users are financially assessed |
| Residential Placement – Higher Needs | declared rate of £496 per week | service users are financially assessed |
| Nursing Placement | declared rate of £534 per week | service users are financially |

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|--|---------------------------------|--|
| | | assessed |
| Dementia Placement | declared rate of £520 per week | service users are financially assessed |
| Additional spot Commissioned Services - Full Cost Recovery | charged up to the rate brokered | service users are financially assessed |

- **Collins House – Interim beds** are provided to service users discharged from medical care, but who require a period of additional supported accommodation before being able to return to their own residency.
- **Collins House – Re-enablement Beds** – are provided to service users to regain life skills to enable their return to their own residency.

4.11 Please note that charges for placements are included for completeness in relation to service activities, but do not form part of the fees and charges budgetary line income as they are client contributions.

5. Reasons for Recommendation

5.1 The setting of appropriate fees and charges will enable the Council to generate essential income for the funding of Council services. The approval of reviewed fees and charges will also ensure that the Council is competitive with other service providers and neighboring councils. The ability to vary charges within financial year will enable services to more flexibly adapt to changing economic conditions.

5.2 The granting of delegated authority to vary these charges within financial year will allow the Council to better respond to commercial challenges

6. Consultation (including Overview and Scrutiny, if applicable)

6.1 Consultations will be progressed where there is specific need. However, with regard to all other items, the proposals in this report do not affect any specific parts of the borough. Fees and charges are known to customers before they make use of the services they are buying

7. Impact on corporate policies, priorities, performance and community impact

7.1 The changes in these fees and charges may impact the community; however, it must be taken into consideration that these price rises include inflation and no profit will be made on the running of these discretionary services.

8. Implications

8.1 Financial

Implications verified by: **Carl Tomlinson**
Finance Manager

Additional income will be generated from increases but this is variable as it is also dependent on demand for the services. Increases to income budgets have been built into the MTFS.

8.2 Legal

Implications verified by: **David Lawson**
Monitoring Officer

Fees and charges generally fall into three categories – Statutory, Regulatory and Discretionary. Statutory charges are set in statute and cannot be altered by law since the charges have been determined by Central government and all authorities will be applying the same charge.

Regulatory charges relate to services where, if the Council provides the service, it is obliged to set a fee which the Council can determine itself in accordance with a regulatory framework. Charges have to be reasonable and must be applied across the borough.

Discretionary charges relate to services which the Council can provide if they choose to do so. This is a local policy decision. The Local Government Act 2003 gives the Council power to charge for discretionary services, with some limited exceptions. This may include charges for new and innovative services utilising the power to promote environmental, social and economic well-being under section 2 of the Local Government Act 2000. The income from charges, taking one financial year with another, must not exceed the cost of provision. A clear and justifiable framework of principles should be followed in terms of deciding when to charge and how much, and the process for reviewing charges.

A service may wish to consider whether they may utilise this power to provide a service that may benefit residents, businesses and other service users, meet the Council priorities and generate income.

Decisions on setting charges and fees are subject to the Council's decision making structures. Most charging decisions are the responsibility of Cabinet, where there are key decisions. Some fees are set by full Council.

8.3 Diversity and Equality

Implications verified by: **Becky Price**
Community Development Officer

The Council is responsible for promoting equality of opportunity in the provision of services and employment as set out in the Equality Act 2010 and Public Sector Equality Duty. Decisions on setting charges and fees are subject to Community Equality Impact Assessment process and the Council's wider decision making structures to determine impact on protected groups and related concessions that may be available.

8.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None applicable

9. Background papers used in preparing the report (including their location

on the Council's website or identification whether any are exempt or protected by copyright)

None

10. Appendices to the report

Appendix A – Schedule of Proposed Fees and Charges for 2019/20

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