

16 September 2020		ITEM: 11
		Decision: 110528
Cabinet		
Proposed Consultation on Adult Social Care (Non-Residential) Fees and Charges 2021/22		
Wards and communities affected: All	Key Decision: Key	
Report of: Councillor James Halden - Portfolio Holder Children and Adult Social Care		
Accountable Assistant Director: Les Billingham - Interim Director Adult Social Care and Community Development		
Accountable Director: Roger Harris - Corporate Director Adults, Housing and Health		
This report is Public		

Executive Summary

This report outlines a very real issue where the gap between what we charge for domiciliary care and the actual cost we pay providers, has grown in recent years. This puts the stability of the service, certainly in the post COVID world, in doubt. Our preferred option – to phase an increase – brings us in far greater parity with Essex and Havering and allows residents to adapt to change over the three year period.

Providers are facing increased costs through the rises in the National Living Wage (NLW) and other cost pressures e.g. PPE requirements – in order for the Council to meet these very real increases in costs it is essential that we look at ways such as charging increases to maximise our ability to meet these pressures providers face.

Each year, as part of the budget setting process, the Council considers the level of fees and charges in those areas where there is local discretion. This is to ensure that we maximise resources to the Council but also that they are set fairly so as not to discourage service users from accessing services they need.

The strategic ambition for Thurrock is to adopt a policy on charging that aligns to the wider commercial strategy and ensures that all discretionary services will full cost recover. However, at the same time certain duties are placed on Local Authorities by the Department of Health and Social Care, the most important being the requirement to assess the individual's ability to pay.

This report looks at different charging options for internally provided and externally commissioned domiciliary care.

Recommendation(s)

- 1.1 For Cabinet to review the three options for charging regarding the services in scope detailed in section 3.1**
- 1.2 For Cabinet to approve that the three options go out to public consultation.**
- 1.3 For Cabinet to approve that the consultation with providers can start as soon as possible regarding the rates the Council pays with the presumption of an above inflation increase to stabilise the market and reflect the increased costs arising from COVID.**

2. Introduction and Background

- 2.1 The Adult Social Care market remains fragile and the COVID-19 Global Pandemic has accentuated this fragility. In 2016 Thurrock experienced significant market failure within Domiciliary Care taking back into the Council 3 external providers resulting in the development of Thurrock Care at Home our in house domiciliary provision. Charging for services allows income to be generated to support the delivery of those services. Charges for the services in scope have remained fixed for 4 years at the then unit cost price of £13 an hour. Adult Social Care has given an increase in rates to our domiciliary care providers each year however, we have not increased the maximum amount we charge those who access these services.

The current unit cost for domiciliary care is £17.06 an hour. We apply equity in our charging policy the charge per unit cannot exceed the cost of the provision of the cheapest unit cost price. For example, internal domiciliary care declares a rate of £18.80 per hour for single-handed care, whereas the same service purchased externally is as stated £17.06. We cannot therefore charge in excess of £17.06 per hour.

Regionally our contracted price of £17.06 compares well to our neighbouring Local Authorities and as an Adult Social Care service we want to ensure that we support the market to remain sustainable by paying providers a realistic rate to provide responsive and high quality service. The table below illustrates rates for domiciliary care across four Local Authorities these rates are comparable across the Country.

Regional Comparison

Authority	Charge Per Hour
Essex	£17.96
Havering	£17.50
Kent	£14.65 up to £16.24
Hertfordshire	£20.64

It is important to note that charging for other non-residential services provided by and commissioned through adult social care are not currently being considered within this consultation and so charges will remain at current levels. Those services are:

- Day Care as this service is currently under review in light of COVID
- Careline as this was a Member decision for the service to remain free of charge
- Respite Care as this is an essential preventative service that supports some of our most complex service users and their families
- Transport to services
- Meals on Wheels recently brought in house

2.2 The projected income from charging for services is influenced by a number of factors, this forecast is dependent on the number of individuals and the current levels of contribution that they are making. This is guided by:

- The person's financial situation.
- The benefit systems as a whole.
- The person's current living arrangements and circle of support.

The estimate is subject to fluctuation on a daily basis. Based on figures from the end of June and beginning of July 2020 the following details the projected income and number of people contributing to their care costs.

The first table indicates that by increasing the maximum charge to the current £17.06 hourly rate Adult Social Care would receive an additional income of approximately £243,969 a year.

Estimated Income Per Annum By Per Hour Charge		
Hourly Rate	£13.00	£17.06
Estimated Income	£1,772,808	£2,016,777
Additional Income Per Annum		£243,969

The table below illustrates the number of service users receiving a service, detailing how many of those contribute in part or in full to their care costs.

Charging Assessment Band	Service user numbers	Detail
No charge	399	The person has a financial assessment and based on income and saving levels is assessed as not having to make a contribution to their care costs.
Opted out	109	The person does not have a financial assessment, as they do not want to disclose their income and savings. They therefore have to pay full cost for the service
Section 117	32	The person receives after care under Section 117 following a period of inpatient treatment for mental ill health, the care is free of charge under Mental Health legislation.
Override band	6	This is when exemptions are made under very special circumstances and individuals are not charged for services.
Manual no charge	11	The person has very high disability related expenditure (DRE) due to the complexity of their condition and so are not charged

Variable Charge	589	The person has had a financial assessment and is assessed as being required to contribute to their care costs. The amount of the contribution varies according to each individuals financial circumstances.
Full charge	160	The person has had a financial assessment and has been assessed to pay the full cost of their care

- 2.3 The process to ensure that charges are fair and equitable is as follows. When an individual is assessed under the Care Act 2014 and as a result of that assessment Adult Social Care provides care, a financial assessment takes place carried out by one of our Finance Assessment Officers. The assessment is to ascertain if the person will be required to make a financial contribution to the cost of their care and at what level that contribution will be. The financial assessment is usually undertaken through a visit to the person at home an assessment form is completed detailing the person's financial circumstances, level of income and savings together with any other assets. The Finance Assessment Officer will also detail any Disability Related Expenditure (DRE) this is anything that is required as a result of the person's condition or care needs that helps or supports them within their daily life. The DRE is deducted from outgoings before the calculation regarding any contribution is undertaken. All our Finance Assessment Officers have national benefit training once a year to ensure they are up to date with benefit changes.

3. Issues, Options and Analysis of Options

- 3.1 There are three options to be considered for charging within Adult Social Care for the services in scope.

The first is that the charges remain the same and we charge only to a maximum of the £13 an hour rate

The advantage of remaining at the maximum level of £13 is that it would cause the least disruption and concern to people who use our services.

The disadvantage of remaining at a £13 maximum charge would be the loss of income to the Council an approximate £243,969 per year

The second option is to implement the maximum charge of £17.06 an hour in one step and re-establish that link between what we pay providers and what we charge users.

The advantage of doing this is that the maximum income is generated to offset the increasing costs of care to the Council, realising a potential additional £243,696 per year

The disadvantages of doing this in one step is that it is a significant increase as we have not raised the contribution for a number of years. The external hourly rate is now £4.06 more, for some people who receive services and pay full or almost full cost it would be a significant increase. People may feel they cannot afford such an increase and may reduce the amount of care they are receiving which longer term may have an impact on their wellbeing and may mean that adult social care has to fund additional input when a service user's circumstances and wellbeing deteriorate.

The third option which is recommended, is to introduce an increase in charging incrementally over 3 years to enable the charges to keep pace with increases given to providers; this would be proposed as follows:

- Year 1 – £14.50 per hour.
- Year 2 – £16.00 per hour.
- Year 3 - £17.06 per hour : or up to the maximum being paid to external providers (NB this re-establishes the link between what we pay and what we charge and is likely to be a higher figure depending on what increases are agreed for providers over the next two years)

The advantage of taking a staged approach is that it will be more manageable for service users and not such a significant change from £13 to £17.06 and will be more affordable. People will be less likely to withdraw from care and may be more willing to pay the increase.

The disadvantage is that the income realised will be incremental and will not off set as fully each year the increased cost of care.

4. Reasons for Recommendation

- 4.1 The current maximum charge for the services in scope is £13 an hour which means that Adult Social care is losing potential income to off set the cost of care. It is important that we review our charging arrangements and we have increased the hourly rate that we pay to our external providers. To review this we want to ask those people who receive services now and the wider community their views through a consultation process. This consultation will help inform the final recommendations we would make to Cabinet regarding any potential increase in charge to our service users.

There are considerable financial pressures on adult social care now and increasingly likely so for the next few years. Care providers are facing increased costs through the rises in the National Living Wage, new infection control requirements and increased use of PPE. A separate consultation exercise with providers will be undertaken to confirm the rate we pay providers in future years but by increasing our income through this charge increase it will increase our ability to pay an appropriate increase to providers next year.

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

- 5.1 We will undertake a formal consultation process regarding the 3 options outlined above. This will be in the form of a questionnaire, which will be sent to everyone who receives one of the services in scope. The questionnaire will also be placed on the Consultation Portal. Usually we undertake consultation events across the Borough to enable as many people as possible to express their views. In the light of COVID 19, we will need to ensure that our consultation adheres to social distancing guidelines together with exploring the use of interactive forums using technology to ensure that people are able to give us their views.
- 5.2 The report will be presented to Health and well-being Overview and Scrutiny Committee on the 3 September 2020 and verbal feedback will be presented to Cabinet.
- 5.3 The period of Public Consultation will start once final agreement is given to move forward. The results and recommendations from the consultation will be presented to Health and Well-Being Overview and Scrutiny Committee on the 14 January 2021 and then, including any recommendations, be presented to Cabinet on the 10 February 2021.

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

- 6.1 The consultation regarding proposed charging options for the services in scope effects the following priority:

***People** – a borough where people of all ages are proud to work and play, live and stay*

7. Implications

7.1 Financial

Implications verified by: **Mike Jones**
Strategic Lead – Corporate Finance

The effect of any changes to fees and charges will be determined as part of the budget setting process in which Corporate Finance and service areas will review anticipated level of demand, fee increases, previous performance and potential associated costs.

7.2 Legal

Implications verified by: **Courage Emovon**

Principle Lawyer/Contracts Team Manager

The Care Act 2014 provides a legal framework for charging in respect of Care and Support under Clause 14 and 17 and enables a local authority to decide whether to charge a person when it is arranging to meet a person's care and support needs or a carer's support need. The charges are primarily to cover the costs incurred by the local authority in providing the service. In arriving at what charges to be paid, service users are means tested and financially assessed. Thurrock Council has a duty to consult on any proposed changes to charging. The process outlined within this report meets the duties under the Care Act 2014. A charging consultation must contain 4 elements as follows;

1. It must be at a time when proposals are still at a formative stage.
2. It must give sufficient reasons for any proposal to permit consideration and response from those to be affected.
3. Adequate time must be given for any consideration and response.
4. The result of the consultation must be taken into account in finalising any proposals.

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
**Community Engagement and Project
Monitoring Officer**

It is important to consider any potential impact to vulnerable people within Thurrock of any proposed changes to charging for services. Any approach to reviewing charges needs to be fair and equitable to ensure that people who really need services are able to access them and are not negatively impacted. A Community and Equality Impact Assessment is being undertaken by the lead officers on this work and will be carefully monitored to ensure that the impact of any potential changes is minimised.

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

N/A

8. 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

9. Appendices to the report

- None

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