

# Plymouth City Council Fairer Contributions Policy

## Charging within a personalised system

### **1. Background to this document**

- 1.1 This document sets out the reasons why a revised policy on charging for non-residential services is required in the context of Putting People First, personalisation and the introduction of personal budgets.
- 1.2 The original Fairer Charging Guidance (2003) was designed for an era of traditional local authority social care provision where people received services arranged by a local authority. However with increasing numbers of people receiving direct payments and the introduction of personal budgets through Putting People First (2007) there is a need to consider how an individual's contributions, if any, towards the costs of non-residential services might be worked out in the context of personal budgets.
- 1.3 Putting People First is the Government<sup>1</sup>'s vision for social care in the future. The main aim is to give people more choice and control over how they get support. As society is changing and more people are living longer with illness and disability we need to transform the way we provide adult social care as the current model is not fit for the future.
- 1.4 In summary, Councils have powers to charge adults in receipt of non-residential services and to decide on how much that charge will be. Changes are now required to the approach taken by Council's to support the development of personalisation.

### **2. Statutory and Legal Context**

- 2.1 The Department of Health has produced new guidance to councils on how they should charge people for non-residential adult social care services. The guidance requires that the new way of charging is implemented during 2010. The guidance is issued under Section 7 of the Local Authority Social Services Act 1970 and is called 'Fairer Contributions: Calculating an Individual's Contribution to their Personal Budget' (July 2009).<sup>2</sup>
- 2.2 Section 17 of the Health and Social Services and Social Security Adjudications Act 1983 allows Councils to make a reasonable charge for the non-residential services they provide and to decide on the level of the charge. Under the Community Care Services for Carers and Children's Services (Direct Payments) (England) Regulations 2003<sup>3</sup>.

---

<sup>1</sup> Department of Health Putting People First: a shared vision and commitment to the transformation of Adult Social Care (2007)

<sup>2</sup> Department of Health Fairer Contributions Guidance: Calculating an Individual's Contribution to their Personal Budget (2009)

<sup>3</sup> Department of Health Fairer Charging Policies for Home Care and other non-residential Social Services: Guidance for Councils with Social Services Responsibilities (2003)

Councils are also required to treat people having a direct payment in the same way they would treat them if they were having a council provided service.

- 2.3 Plymouth City Council responded to the 2003 guidance and last reviewed its charging policy in 2007. The charging approach that has evolved includes a mixture of standard flat rate charges that vary according to the type of service and the provider. This approach is not compatible in the context of personalisation.
- 2.4 Under the current charging scheme, income from charging contributes approximately 8% of the funding available for non-residential care services in Plymouth. Community service users contributions to care costs in 2009/10 were £3,300,000. About half of all service users do not contribute any direct funding to their care costs due to their low income and less than 1% contribute the maximum amount currently capped at £270 per week
- 2.5 Carers' specific services defined as those services which directly support carers but do not include personal care for the cared for person, are outside the scope of this report.
- 2.6 This Fairer Contributions Guidance (2009) sits alongside the Fairer Charging Guidance (2003) which, along with its underlying ethos and principles, is still valid, and the Charging for Residential Accommodation Guidance (CRAG) to which the Fairer Charging Guidance refers.
- 2.7 Charging for residential service is governed under a different set of guidelines so this policy only relates to people receiving non residential services.

### **3. Policy Background**

- 3.1 The Fairer Contributions Guidance (2009) sets out how the policy should be applied under a personalised system. Under Putting People First the new system is intended to be fairer for all people, in that the contributions they make will reflect the actual care being given rather than the cost of services provided.
- 3.2 Therefore we need to move from a system of charging linked to the costs of services to a contributions system linked to an individual's personal budget and their ability to pay not the services that they ultimately utilise to meet their needs.
- 3.3 Adult Social Care services have to change so that:

- People who use social care services and their families will increasingly shape and commission their own services.
  - Personal Budgets will ensure people receiving public funding are able to use available resources to choose their own support services.
  - The state and statutory agencies will have a different role - more active and enabling, less controlling.
- 3.4 National milestones require Council's to offer all people eligible for social care a Personal Budget from October 2010 and to have 30% of all service users with a personal budget by April 2011.
- 3.5 Self Directed Support is the term used to describe a personalised system of care where the individual is supported to take more control over the assessment process. In this system the needs assessment links to a points system that calculates how much money the Council should spend to meet their needs. This is called a Personal Budget which can be a virtual budget, a Direct Payment or a mixture. This means that people will know up front how much money will be needed to meet their needs and individuals will have much more choice and control over how the money is spent.

#### **4. Key Requirements of Fairer Contributions Guidance 2009**

- 4.1 The overall purpose of the new guidance is to provide a framework within which Local Authorities must develop and implement a single contributions policy for Personal Budget users which is based on their ability to pay rather than the complexity of their needs or the size of the care and support package they require to meet those needs
- 4.2 What this will mean in practice is that people with a similar level of need for services may be asked to contribute different amounts to their Personal Budget if they have the (financial) means to do so. Service users will not be financially penalised for having high or complex care and support needs, and those who have relatively low needs will be no worse or better off than those with relatively higher needs.
- 4.3 There are a number of key principles that underpin the Fairer Contributions guidance, these are:
- The contributions policy is clear and transparent and easy to understand and challenge
  - The contribution a customer is asked to make is financially assessed according to their ability to pay.
  - The customer will not pay more than the cost of their care package.
  - The contribution does not undermine the customer's independence of living by reducing their income to unsustainable levels.

- The contribution system will treat all services users equitably and ensure that people who choose direct payments are treated the same as those who chose council managed services
- The system ensures administrative efficiency and convenience for service users
- The system provides an early notification of service users likely contribution to care costs and financial assessment must follow needs assessment and resource allocation
- The contribution is applied to the whole of the care package / personal; budget received.
- There must be a fair and consistent approach to the application of disability related income and expenditure
- The contribution required is calculated in line with the Department of Health's Fairer Charging Guidelines.
- The financial assessment process will ensure that service users have an opportunity to maximise welfare benefits and reduce the burden of funding that may transfer to the council
- All customers who are financially assessed as being able to make a contribution to their care costs must pay the charge.
- The system must take into account the implications on service users and carers to ensure that if necessary transitional measures are put in place to mitigate

#### 4.4 Services that fall within the Fairer Contributions Policy

All types of social care services including:

- Day care.
- Personal Home Care (Domiciliary Care)
- Domestic Help
- Extra Care Housing.
- All non residential Personal Budgets

#### 4.5 Services that must not be subject to the Fairer Charging Policy.

- Information, Advice and Guidance provided by the Council.
- Financial assessments.
- Reablement services.
- Long term residential care services which will be chargeable under the Government's Charging for Residential Accommodation Guide (CRAG).
- No charge will be payable for minor adaptations and equipment costing a total of under £1,000.

#### 4.6 Circumstances when a customer cannot be charged.

There are circumstances in which people are exempt from being required to make a contribution. These are:

- People suffering from Creutzfeldt Jacob Disease (CJD)

- People who have been infected with hepatitis C as a result of NHS treatment with blood or blood products.
- People subject to aftercare arrangements under Section 117 of the Mental Health Act 1983
- Children and young people under 18 years will not be assessed and charged under the Fairer Charging policy.

## 5. Proposals

5.1 The issues that will have to be considered in the Fairer Contributions Policy upon which consultation will be based are set out in table 1

Table 1: Issues to consider during consultation

	<b>Current Charging Scheme</b>	<b>Proposed Options for the Fairer Contributions Policy</b>
A. Change the system so that financial assessments begin at the start of the assessment process so people know up front how much money they are likely to contribute to their care	Financial assessments are conducted at the end of the assessment process and service users are often unaware that they may have to pay towards their care and this is the subject of complaints.	A simple financial assessment is conducted at the beginning of the process so that people enter into an assessment knowing the likelihood that they may have to make a contribution and a full financial assessment and benefits maximisation check is completed during the Self Directed Support Process
B. Review the minimum contribution level to ensure the council gets value for money	A minimum collectable charge has been set at £2.50 per week but this needs a revision as an initial assessment indicates this is set too low.	There is a minimum collection level set each year to ensure cost effectiveness
C. Set a maximum % contribution against the value of a personal budget.	A maximum charge is set at a capped fee level of £270 per week The current cap is lower than guidance states but any cap means that even if people can afford to pay for their care they are not required to do so. This approach is inequitable as it means that those with lower incomes are being asked to contribute proportionately more than those who are better off. Also the Council is not realising the level of income it should.	Adopt an equitable Fairer Contributions policy for all service users contributions based on ability to pay and contribution to the personal budget. The simplest and most equitable approach is to set the maximum contribution at 100% of the personal budget.

	<b>Current Charging Scheme</b>	<b>Proposed Options for the Fairer Contributions Policy</b>
D. Review subsidies so that there is equitable access and choices for all service users <i>or</i> remove services from personal budgets	There are a number of services that are subsidised by the council such as day care. The subsidy is inequitable as it disadvantages people who choose to have a Direct Payment. The subsidy approach also creates disincentives for some people to take more control over their own support. Level of subsidy means some providers are also disadvantaged	<p>Adopt an equitable Fairer Contributions policy for all service users and assess contributions based on ability to pay.</p> <p>If subsidies remain in the service this does create an additional administration burden. The Council would have to operate a two tier system which would create additional costs. A 2 tier system will not be easy to explain to services users</p>
E. The system ensures administrative efficiency and convenience for service users: consider whether to continue to include Disability Related Benefits (DRB) and Disability Related Expenditure (DRE) in the assessment process	DRB are included in the income for financial assessment purposes and therefore people are allowed to claim discounts for DRE: this is very complicated and time consuming and makes it very difficult to advise people up front what their likely contribution will be. Due to this complexity social care budgets are sometimes used to pay for services that DRB are designed to meet; therefore some people have income from welfare benefits and from social care to contribute to the same expenses. For example people with benefits to help address mobility needs can claim for the costs of their travel to be deducted from their income for financial assessment purposes and may also get council funded transport to day services	Adopt an equitable Fairer Contributions policy for all service users and assess contributions based on ability to pay and exclude DRB and DRE in the assessment process on the basis expenses incurred in relation to a disability are met by the benefits intended for the purpose. Therefore clear guidance can be given to care managers to ensure that council funding is not used to meet needs that are addressed through the welfare benefits system
F. Financial Assessment and contribution levying should not be applied to any one service in isolation; the process should be applied to whole packages of care	When residential respite in care homes is part of a care plan the council uses CRAG process to assess charge for this part of the care plan	Adopt an equitable Fairer Contributions policy for all service users contributions based on ability to pay and contribution to the personal budget.

	<b>Current Charging Scheme</b>	<b>Proposed Options for the Fairer Contributions Policy</b>
and support		
G. What Transitional Support should we put in place for people whose contribution may increase as a result of the changes and how long should this be for?	There will be some people who may have to pay more under a Fairer Charging System and some who will pay less. Support will be needed for those who may have to pay more. There are a number of options which can be tested out through consultation such as a fixed time limits such as 1 year protection of phased limits with a lowering scale of protection over 1-2 years	

## **6. Financial Impact on the Council**

- 6.1 The guidance is clear that modernising charging policies in line with personalisation should not in itself be seen as an opportunity for Councils to increase their income from client contributions. Initial high level assessments indicate a potential loss of income to the councils could be in the region of £320,000. However any loss of direct income will be off set by increased efficiency savings from across the whole system of personalisation.
- 6.2 During the consultation process a detailed financial analysis will be undertaken to ensure that there is transparency about the potential impact on the Council's income from any changes made.

## **7. Recommendations**

- 7.1 There is a new system for calculating people's contribution to the cost of their adult social care services. We are required by Government to put this new system into action during 2010. This will mean a change in the way individuals contributions are worked out.
- 7.2 There is no option to not implement these changes. There are some things the council will have to do and there are some discretionary elements. The council will have to:
- Change the system so that financial assessments begin at the start of the assessment process so people know up front how much money they are likely to contribute to their care
  - Set a maximum % contribution against the value of a personal budget.
  - Review the minimum contribution level to ensure the council gets value for money
  - Consider no longer using CRAG rules for calculating charges for residential respite/short breaks components of a care package.
  - Remove subsidies so that there is equitable access and choices for all service users *or* remove services from personal budgets

7.3 It is recommended that Cabinet give permission to allow for a period of statutory consultation in order that we can ask people's views on the discretionary elements of the policy. These are

1. Whether we should remove Disability Related Benefits from assessable income and therefore the removal of the Disability Related Expenses from the financial assessment process to reduce bureaucracy and simplify the process?
2. Should we set the maximum contribution at 100% of the personal budget to ensure equity for all service users?
3. What transitional support ought to be put in place to help people whose contributions have changed?
4. How best to inform people of this change and how it will affect service users?