

AGENDA MANAGEMENT SHEET

Name of Committee	Portfolio Holder (Adult Social Care) Decision Making Session
Date of Committee	26 May 2011
Report Title	Charging Review – Further Proposals relating to both Community and Residential Care
Summary	<p>This report covers a number of outstanding issues relating to charging as follows:</p> <ol style="list-style-type: none">1. In October 2010 Cabinet approved the first two stages of increases relating to day care and transport subject to a further review prior to the next two phases in October 2011 and April 2012. This report suggests specific charging methods which it is proposed are put to customers for consultation.2. The Charging Review Project group has reviewed the position in relation to charges for Carer Sitting Services and there are proposals here for consultation3. Cabinet in October also separately approved further consultation on the introduction of full cost charges for residents in the Council's own residential care homes. A review has been undertaken and final proposals are contained here.
For further information please contact:	Ron Williamson Head of Communities & Wellbeing Tel: 01926 742964
Would the recommended decision be contrary to the Budget and Policy Framework?	No.
Background papers	<p>Cabinet 14th October 2010 – Paper on Fairer Charging and Contributions and Minutes.</p> <p>Cabinet 14th October 2010 – Paper on the Future of Warwickshire County Council's Residential Care Homes for Older People – Extension of Consultation and Minutes</p>

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

- Other Committees ☐
- Local Member(s) ☐
- Other Elected Members ☒ Cllr Caborn, Cllr Watson, Cllr Rolfe, Cllr Tooth
- Cabinet Member ☒ Councillor Mrs I Seccombe
- Chief Executive ☐
- Legal ☒ Alison Hallworth, Adult and Community Team Leader
- Finance ☒ Chris Norton, Strategic Finance Manager
- Other Chief Officers ☐
- District Councils ☐
- Health Authority ☐
- Police ☐
- Other Bodies/Individuals ☐

FINAL DECISION YES**SUGGESTED NEXT STEPS:**

Details to be specified

- Further consideration by this Committee ☐
- To Council ☐
- To Cabinet ☐
- To an O & S Committee ☐
- To an Area Committee ☐
- Further Consultation ☐

**Portfolio Holder (Adult Social Care)
Decision Making Session – 26 May 2011**

**Charging Review – Further Proposals relating to both
Community and Residential Care**

Recommendations

That the Portfolio Holder approves a further six week consultation with customers and carers in relation to the following proposals:

1. The principles of proceeding with the phased increases in charges for day care to full cost by client group as set out in Table 3, Section 3.3.
2. The principles of implementing a banded rate method for transport charging as set out in Table 5, Section 4.7.
3. The principle of introducing full cost charging for carer sitting as a respite service as outlined in Section 6.

That the Portfolio Holder approves:

4. A new charging scheme whereby new customers in Warwickshire's residential care homes will be charged the full costs of care currently set at £659/week as set out in Table 9 and table 10, Section 7.5(d) to be implemented with immediate effect.

That the Portfolio Holder is asked to note:

5. That actual charges will continue to be revised in line with RPI inflation at April each year.
6. The additional savings from proposals on community care and residential care charging outlined in Section 5.1 and Section 7.5(h) and that the financial effects of charging for Carer Sitting Services have still to be assessed.
7. The potential impacts on customers as set out in Table 7, Section 5.1 and Section 7.5

1. Introduction

- 1.1 In October 2010, Cabinet approved the principles underpinning a four phased increase in charges up to April 2012. These principles were as follows:

- That Warwickshire should no longer subsidise the charge made for services where people can afford to pay;
- That there should continue to be protection for those on low incomes at the standard laid down in government guidance;
- That people should only have to pay for the actual costs of services received;
- That with the onset of personal budgets that further work should be undertaken to ensure harmonisation of charges and therefore greater equity within the Council's policies.

1.2 Within the above context, decisions were taken on the phased increases relating to a range of charges for services. In two areas, however, those of day care and transport, interim solutions were applied pending a further review to take place during 2011. This report sets out the outcome of the review and the proposals that it is intended to take out to a further consultation prior to proposed implementation from October 2011.

1.3 At the same time, the work of the Charging Review group has been continuing to review other areas for compliance with the basic principles established in the October Cabinet report.

- Firstly, the report dealt with the area of respite care taken within residential establishments but did not cover respite in the form of carer sitting services within the home. There is currently no charge made for these services on the basis that it constitutes a service to the carer. The proposal in this paper is that this is inconsistent and that the service should be charged for as a service to the "cared for". If agreed, there would be a further consultation on this aspect, prior to final decision.
- Generally, the previous charging review excluded residential charging under the Charging for Residential Care Guidance (CRAG) regulations.

Provision in Warwickshire is increasingly being externalised and where this is the case there is no subsidy by the Council in that the fee charged by the care provider is passed on in full to those with the resources to pay. However, it has been recognised, that within the Council's internal homes, there remains a "cap" on the maximum charge so that those with the resources only pay a maximum of £397.18/week towards the full cost of the service. This was identified in a separate report to the October Cabinet on residential care and approval was obtained for:

- priority to be given to the accommodation of Warwickshire residents who did not have the means to pay the full cost; and
- for consultation to take place on raising the maximum charge to the full cost of provision for internal care home residents who have the means to pay.

In both cases, implementation was left to the Strategic Director in consultation with the Portfolio Holder in a) and the Strategic Director of Customer, Workforce and Governance in b).

2. Cabinet Decision in October 2010

2.1 The decision in October 2010 was to implement increases as follows:

Table 1

Charge/service	July 2010 (prior to review)	December 2010	April 2011	Full cost target
Day services/per day	£5.55	£10.43	£15.32	£25-30
Transport/per journey	£1.33	£3.25	£5.17	£9

The full cost targets in both cases were averages as follows:

- For day care, the average of £25-30/day was for elderly peoples' services only as the cost for physical and for learning disability was much higher.
- For transport, an average of £9 per day had been calculated from all the routes operated by the Transport Section including rural/urban journeys with a variety of route mileage.

The further review was required because in the case of day care, achievement of the target charge would not have eliminated subsidy while for transport, to go for a £9 charge per journey would have been regarded as inequitable mainly due to the differing journey lengths.

2.2 The current rates have been increased for inflation at April 2011 and now stand at £15.69 per day for day care and £5.29 per journey for transport.

3. Charges for Day Care

3.1 In relation to day care, the following options have been considered within the review:

- a) One single flat-rate per session
- b) A single rate for each client group
- c) A single rate for each day service establishment or contract
- d) A single rate per district

3.2 These options have been considered principally in relation to the factors of fairness, transparency, cost of administration, whether it promotes positive decisions, suitability in relation to personal budgets. The evaluation is summarised in the table below.

Table 2

Options	Decision criteria
Single rate per session	<ul style="list-style-type: none"> ✓ Simple and transparent ✗ Unfair as doesn't reflect the varying costs of day care
Single rate per client group	<ul style="list-style-type: none"> ✓ Simple and transparent with only 3 to 5 different rates and therefore reasonably practical to implement ✓ Fair as it reflects the variation of costs between client groups
A rate per establishment	<ul style="list-style-type: none"> ✗ Complex with a charging structure of over 140 different options. Also difficult to model the impact for similar reasons. ✓ Fairest as it most closely reflects the variation of costs between client groups
A single rate per district	<ul style="list-style-type: none"> ✓ Simple and transparent ✗ Unfair as the price is driven by where a customer happens to live or where the service operates from.

- 3.3 At this time, charging a differential rate per client group strikes the most appropriate balance between fairness and administrative cost / deliverability. Such a proposal would result in the following, if charging full cost by April 2012 and charging at the same subsidy rate for homecare (90%) as at October 2011 were followed:

Table 3

£ Per Day	April 2011	October 2011	April 2012
Day Services – OP / OPMH	£15.69	£22.60	£25.21
Day Services – PD	£15.69	£36.12	£40.28
Day Services – LD	£15.69	£41.91	£46.74

- 3.4 The higher charges for PD and LD services means that the potential impact on customers is greater. However, this is offset to some degree by the fact that, after means testing, LD and PD customers tend to pay less than OP customers.

4. Charges for Transport

- 4.1 The position on transport is more complex and needs to be assimilated.
- 4.2 The County Council's Transport function operates the majority but not all the transport services for the Directorate. The unit costs for these are available but are difficult to unravel. The function operates a total of 42 routes which involve adult

services but also operate taxi and voluntary vehicle services as required. Of these, 11 routes are jointly operated with schools transport. The significance of this is that costs relate to the vehicles and their overall use and are not specific to adult social care.

4.3 The feasible options would appear to be:

- a) One single flat rate per journey
- b) A rate per mile
- c) A set of mileage bands with a single rate per band

4.4 These options have been considered again principally in relation to the factors of fairness, transparency, cost of administration, whether it promotes positive decisions, suitability in relation to personal budgets. The evaluation is summarised in the table below.

Table 4

Options	Decision criteria
Single rate journey	<ul style="list-style-type: none"> ✓ Simple and transparent ✗ Unfair as doesn't reflect the variable costs of the journey
A rate per mile	<ul style="list-style-type: none"> ✓ Simple in concept and practical to implement in relation to the direct distance by road from home to venue ✗ Unfair as it can't accurately reflect the fixed costs of short journeys so that those with the longest journeys will pay more
A set of mileage bands with a single rate per band	<ul style="list-style-type: none"> ✓ Relatively simple but more open to challenge dependant upon the differences between rates relative to mileage. ✓ Fairest as the banded rate can be set to reflect the fixed and variable costs of provision.

4.5 The cost of transport routes obviously depends upon a variety of factors, principally concerning type and age of vehicle and journey length. Most of the vehicles used are sixteen seater buses and the range of miles travelled in a day is from 23 to 171. The buses are by no means fully utilised. The overall cost per mile varies from £1.37 to £4.65 which broadly has an inverse relationship to distance travelled. No comparisons have been made with the cost of private transport but the rates quoted here will be expensive due to:

- Specialist facilities on transport where needed
- Two staff – driver and support
- Fewer incentives to maximise efficiency than in a commercial operation

The contention here is that the overall cost efficiency of the operation is a matter for overall agreement through the SLA between adult social care and the transport fleet

operation and shouldn't impact on the customer.

4.6 The principle of eliminating subsidy is very difficult to achieve here.

- a) It is nigh impossible to develop a charging mechanism that is completely fair to all while at the same time, ensuring that provision is maintained where its needed.
- b) In addition to this, if a banded rate is adopted then mileage used would have to be by distance from home to venue rather than the route that the vehicle actually takes
- c) It is appropriate that those who can manage on public transport or through use of mobility allowances do so. For others, some form of specialist transport may always be necessary. There is also a transition to be made between the two in parallel with the change in the nature of day services themselves. It is probable that the Directorate needs to adopt a strategic approach to this change alongside that of the services to minimise disruption.

4.7 The approach taken to costing has been to use the evidence from routes which shown the highest utilisation i.e. linked with schools and adopting an assumed capacity of 12 customers per journey (75% full). On this basis, taking the average of the most efficient three routes, there is an average fixed cost of £3.23 plus 0.72 per mile. From this, it is possible to derive the following bands:

Table 5

Journey length	Average Journey Length (miles)	Fixed cost	Avg. Variable Cost (fuel)	Total cost per journey
Up to 5 miles	2.5	£3.23	£1.8	£5.17
5 to 10 miles	7.5	£3.23	£5.4	£8.63
10 & over (avg. 12.5)	12.5	£3.23	£9	£12.23

It is recommended that these changes where applicable be implemented with effect from October 2011.

On the basis of the above and the 3 exemplar routes chosen:

Of 39 customers:

22 (56%) would fall in band 1 with average journey of 1.9 miles
 12 (31%) " " in band 2 " " " 6.3 miles
 5 (13%) " " in band 3 " " " 12.6 miles

5. Overall Impact of Proposals of Day Care & Transport Proposals

5.1 The resulting increases in income from day care and transport charges is estimated to be as follows:

Table 6

Additional Income from Day Care & Transport		
	2011/12	2012/13 + ongoing
LD	£33k	£77k
MENTAL HEALTH	£2k	£4k
OPPD	£68k	£181k
TOTAL	£103k	£262k

There would also additionally be extra income received for home care from these customers of £22k in 2011/12 and £90k in 2012/13 if these proposals are agreed.

It is not possible at present to determine the exact effect on customers as the distances which will determine the application of the transport banded rates are not yet available for all routes. The following impact assessment relates to the proposed day care charges together with the previous application of flat rate transport charge of average £9/journey.

Table 7

Day Care & Transport Only (Cumulative effect)								
	Numbers affected				%			
Annual Increase:	LD	MH	OPPD	Total	LD	MH	OPPD	Total
No increase	314	5	312	631	92%	63%	62%	74%
Increase of £1 to £500 (c. £10 p.w.)	5	1	62	68	1%	13%	12%	8%
Increase of £501 to £1000 (c. £19 p.w.)	2		72	74	1%	0%	14%	9%
Increase of £1001 to £1500 (c. £29 p.w.)	7	1	28	36	2%	13%	6%	4%
Increase of £1501 to £2000 (c. £38 p.w.)	1		14	15	0%	0%	3%	2%
Over £2000 (c. £38 p.w.)	14	1	15	30	4%	13%	3%	4%
Grand Total	343	8	503	854	100%	100%	100%	100%

6. Charging for Carer Sitting Services

- 6.1 Sitting services are home based support services that offer carers the opportunity to have a break from their caring role by providing services to the person they care for. The duration of the sits can be up to 72 hours and they usually involve an element of personal care. Carers Short Breaks are currently offered via block contracts with two providers. These breaks are typically up to 6 hours per sit. The average hourly

rate through the block contracts is £14.18. The In Your Place Service which offers sits of up to 72 hours is also offered via contracts with two providers. The average hourly rate through the block contracts is £12.62.

- 6.2 Although the Directorate has the power to charge for these services it has not done so to date. Historically and in line with previous government guidance in the use of the Carers Grant Warwickshire has categorised sitting services as carers' services.
- 6.3 The recommendation is that sitting services should be included within the definition of respite, this will ensure that Warwickshire is in line with legal guidance surrounding respite services (of which sitting service form part) as any service involving personal care, being delivered directly to the cared for person are community care services under the s 2(1) (a) Chronically Sick and Disabled Persons Act 1970 and/or under s21 National Assistance Act 1948. Therefore, this recommendation has not been motivated by economic benefits (although there will be a small gain) it has instead been motivated by the need to bring Warwickshire Adult Social Care services in line with government and legal parameters. This recommendation follows national direction in response to personalisation and is line with other local authorities' policy as confirmed by the chair of the national ADASS Carers network.
- 6.4 Currently there are issues of equity in the way that breaks services are provided in Warwickshire. If someone requires or chooses to utilise residential respite to have a break then this is a chargeable service, so those that pay charges would be required to pay full cost or a contribution to this service. For those that opt for home based support, such as a sitting service which can be for extended periods of time of up to 72 hours or longer this is non - chargeable. Therefore the person choosing residential respite is currently at a disadvantage in terms of having to pay for their service in comparison to the person who opts for home based support.
- 6.5 In addition, by providing sitting services as a result of the carers' assessment as is current practice the cared for person is not being supported to have choice and control over how their break is provided and by whom. Carers sitting services will be commissioned via the domiciliary care framework contract as of October 2011, moving away from current block contract commissioning arrangements thus making it easier for the customer to have choice regarding how the break is provided.
- 6.6 There are currently approx 200 customers utilising Carers short breaks services within OPPD services, if the respite definition proposed above is agreed these customers will utilise the current service up to the point of review where arrangements to transfer them on to spot purchase arrangements will be made in order to close the block contracts within the timeframe of the new domiciliary contract.
- 6.7 Breaks services for carers of someone with a learning disability are provided in a different way to those in the OPPD service area. This is because the contracts utilised and services provided to the customer with a learning disability are usually assessed for as part of their own assessment and are provided for the primary reason of supporting them to access the community, with a carer enjoying a break as a consequence of this. Therefore, in the main, these services are subject to charges and are provided as a community care service. Occasionally these

services are provided as a carers service when the primary reason for offering the service is for the carer to have a break which will be a direct outcome of the carers assessment and the service will provide a 'sit' rather than help in accessing the community. Therefore the impact of the definition of respite including sitting services as chargeable services is unlikely to impact this group.

- 6.8 There are currently no commissioned sitting services specifically for people with mental health and their carers.
- 6.9 Further financial impact work needs to be scoped to understand the potential impact on the current customers of the short breaks service.

7. Internal Residential Homes

- 7.1 Charges to service users for internal residential care services are currently set at a charging rate of £397.18 per week. This is significantly lower than the actual cost of those services. In effect a subsidy exists for users of these services. This subsidy will continue to exist until charging rates are increased or until costs are reduced.
- 7.2 Total direct spending on internal residential care homes is £9.5m. The cost of providing residential care internally is £524 per week if 100% occupancy is assumed. After taking occupancy into account, the unit cost is £659/week.
- 7.3 The Cabinet decision in October 2010 was to proceed to consultation on raising charges up to the full cost for existing residents should the Strategic Directors consider this to be the appropriate course of action.
- 7.4 This decision has not proceeded to implementation as it was felt that a more thorough review was needed. A number of options have now been considered.

Option 1: Do nothing and leave charges as they are.

Option 2 : Subject to consultation, increase all charges to full cost for all customers of internal residential care and proceed as before to consultation with existing residents.

Option 3: Increase charges to full cost for all new long stay and short stay customers.

Option 4 : Increase charges to full cost for new long stay customers only.

The analysis of these options is as follows:

Table 8

Options	Decision criteria
Do nothing	Unsustainable as it perpetuates an inappropriate and unfair subsidy.
Increase charges to full costs for all customers	Fair in the long run but implementation for all customers but would result in significant increases for existing customers at a time of considerable change with potential externalisation.

Increase to full costs for all new long stay and short stay residents	Would create another increase in residential respite care charges after those charges have already been increased under the recent charging review.
Increase charges to full cost for new long stay customers only	Would provide an immediate increase in charges for new customers without impacting on existing customers and without again changing residential respite charges after they have just been set.

7.5 Impact on Customers

- a) Means testing applies to charges for residential care. Therefore although the charging rate would be increased, after means testing only those new customers with the means to pay would pay higher charges than the current maximum, with the actual charge dependant upon the assessment of their resources under CRAG. On average, just over 23% of current long stay customers currently pay the full charge rate.
- b) The rate at which new customers enter residential care homes is approximately 18 per month for long stay places. The number of new customers likely to be paying more than the current maximum rate would be 23% of new customers, perhaps 4 customers a month. The closure of Mayfield and Abbotsbury would further reduce the likely numbers of new customers.
- c) In assessing the impact on customers it is important to consider the price from the perspective of the customer. Although the increase from £397.18 to £659 is very significant, the alternatives for customers are either local authority commissioned externally provided residential care or privately arranged care.
- d) The typical alternative costs to customers for non-specialist residential care are:

Table 9

Residential Charges/week	Current Internal Residential Care	Proposed Internal Residential Care	Current Average Externally Commissioned LA Residential Care
LA Charging Rate	£397.18	£659.00	£362.59
Top Up	-	-	£150.88
Total	£397.18	£659.00	£513.47

- e) The typical alternative costs to customers for specialist residential care are:

Table 10

Residential Charges/week	Current Internal Residential Care	Proposed Internal Residential Care	Current Average Externally Commissioned LA Residential Care
LA Charging Rate	£397.18	£659.00	£420.16
Top Up	-	-	£93.51
Private Fees	-	-	-
Total	£397.18	£659.00	£513.67

For people who do not come through an assessment and purchase residential care privately, fees can vary widely from the level of the current Council charge rate up to £100/week. This depends upon the quality of the home as well as other factors such as the desire to increase occupancy.

- f) From the perspective of the customer able to pay full cost, prices of alternatives within the external commissioned sector should be more competitive than that of internal residential homes due to the pay and conditions of service of staff as outlined in earlier papers. There is also no discernible difference in the area of specialist care probably as most homes are dual registered.
- g) It is therefore possible that customers may choose alternatives to internal residential care because of charges. If this is the case occupancy would reduce, double running costs would be created and those costs would net off the overall saving made from additional income.
- h) It is not possible to foresee exactly what choices customers make, but for example if customer choice remained the same an additional £283K of income would be generated in 2011/12, but if perhaps a quarter of new customers chose to take up private places instead, then the net saving would be £212K.

In addition, occupancy would reduce which would in turn reduce the amount of decanting that would occur if further homes were closed.

8. Consultation

- 8.1 A significant three month public consultation took place during 2010 around the principles of charging for community care. A further period of consultation is required now in relation to these proposals but this will be shortened to the minimum period of six weeks. The form of consultation will be more straightforward for the reason that the principles have already been established and will be mainly conducted in the form of a questionnaire which it is intended to have available for the meeting. In relation to learning disability services, the proposals will also be incorporated into the second phase of the consultation around the strategy which will commence during the second half of June.

- 8.2 There are no proposals to consult on the changes to the residential charge rates as these will only affect new potential customers and tables 9 and 10 above indicate that there are sufficient alternatives in the form of externally commissioned care.

9. Costs of Implementation

- 9.1 The implementation of the changes for day care and transport in particular will necessitate a number of systems and procedural changes due to the distinctions being made between client groups and the introduction of banded rates for transport. These cannot be wholly prepared until the results of consultation are known and therefore there will be a considerable impact on staffing capacity in the few months prior to October. This will be managed internally and where necessary additional resources employed in the short term which may offset marginally against first year savings. Decisions such as these are the essential costs of change and need to be planned for at this stage.

10. Equality Impact Assessment

- 10.1 An Equality Impact Assessment was previously signed off for the Charging Review when it was previously presented for Cabinet approval in October 2010. This has now been updated and is attached as Appendix 1 to this report.

Report Author: Ron Williamson

Head of Service: Ron Williamson

Strategic Director: Wendy Fabbro

Portfolio Holder: Councillor Izzi Seccombe