

**AGENDA MANAGEMENT SHEET**

<b>Name of Committee</b>	<b>Adult Social Care Portfolio Holder</b>
<b>Date of Committee</b>	<b>Decision Making Session</b> <b>25<sup>th</sup> March 2010</b>
<b>Report Title</b>	<b>Fairer Charges 2010/11</b>
<b>Summary</b>	Cabinet approved, on 21 February 2008, a policy of increases in Fairer Charges of RPI + 1% for each of the three years starting in July 2008. This report seeks approval to implement the final year's increase in accordance with this policy with effect from July 2010.
<b>For further information please contact:</b>	Chris Norton Strategic Finance Manager Tel: 01926 742035
<b>Would the recommended decision be contrary to the Budget and Policy Framework?</b>	No.
<b>Background papers</b>	None.

**CONSULTATION ALREADY UNDERTAKEN:-** Details to be specified

Other Committees	<input type="checkbox"/> .....
Local Member(s)	<input checked="" type="checkbox"/> Not Applicable
Other Elected Members	<input checked="" type="checkbox"/> Councillor L Caborn, Councillor B Longden, Councillor T May, Councillor K Rolfe
Cabinet Member	<input checked="" type="checkbox"/> Councillor C Hayfield
Chief Executive	<input type="checkbox"/> .....
Legal	<input checked="" type="checkbox"/> Alison Hallworth, Adult and Community Team Leader
Finance	<input checked="" type="checkbox"/> Chris Norton, Strategic Finance Manager Joanne Rouse, Project Development Accountant
Other Chief Officers	<input type="checkbox"/> .....
District Councils	<input type="checkbox"/> .....

- Health Authority  .....
- Police  .....
- Other Bodies/Individuals  Jane Pollard, Democratic Services Manager

**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  .....

## Adult Social Care Portfolio Holder Decision Making Session – 25<sup>th</sup> March 2010

### Fairer Charges 2010/11

### Report of the Strategic Director of Adult, Health and Community Services

#### Recommendations

It is recommended that the Portfolio Holder:

1. Approves an increase in Fairer Charges of RPI + 1% with effect from July 2010 in line with current policy (see section 1.2).
2. Specifically approve the new charges as detailed in section 2.4 and Appendix A – subject to confirmation of the final RPI figure as at February 2010 (see section 2.3)
3. Approve an equivalent increase in the rates used to calculate Direct Payments with effect from July 2010 (see section 1.4)
4. Consider the revised timescale of 1 January 2011 for the implementation of the new Fairer Contributions system and the impact of the proposed increase in offsetting the resultant budget shortfall (see sections 3.1 – 3.3).

#### 1. Introduction

- 1.1 Fairer Charging is covered by guidance under Section 7 of the Local Authority Social Services Act 1970. A Council's charging policy is open to challenge and should be subject to consultation with the public. The policy should also adhere to the requirements of the guidance in terms of ensuring equity between different client groups as well as between clients taking direct payments and those in receipt of local authority commissioned services.
- 1.2 At their meeting on 21<sup>st</sup> February 2008, Cabinet approved a policy of increases in Fairer Charges of RPI +1% for each of the three years starting in July 2008. This report seeks approval to implement the final year's increase in accordance with this policy with effect from July 2010.
- 1.3 It is important to consider this proposal within the wider context of the Personalisation agenda for adult social care services and the introduction of Personal Budgets as well as the current budget position of AHCS. The contextual implications of both factors are considered below.
- 1.4 It is also important to ensure that any charging increases are equally applied to the arrangements for calculating direct payment amounts. This is to ensure equity of treatment between traditional and direct payment customers as per the requirements of the Department of Health Guidance. It is therefore proposed that the rates used to calculate direct payments are increased to

charging rates for traditional services and that the increase is effective from July 2010.

## 2. Proposed Charges and Financial Implications

- 2.1 Fairer charging gives councils the discretionary power to charge adult recipients of non-residential services. Councils may recover such charges as they consider reasonable and the guidance sets out those services against which charges may be levied.
- 2.2 At present chargeable services in Warwickshire include home-care, day-care, telecare and respite care. All Clients in receipt of these chargeable services are subject to financial assessment which determines the level of charge they incur. The Council also levies a flat rate charge for transport although transport charges are not covered by the financial assessment process.
- 2.3 To comply with approved policy of RPI +1%, the RPI rate as at February 2010 will need to be applied to current charges. However, the Office for National Statistics will not publish this figure until the end of March. The January RPI figure of 3.7% has therefore been used in this report as a reasonable proxy and to illustrate the likely financial impact. However, it will be the actual RPI index as at February which will be used to implement the final price increase and the Portfolio Holder will be notified if the actual rate in February varies significantly from the 3.7% rate assumed. Applying this increase will generate approximately £345,000 in a full year, but will generate £260,000 in 2010/11 if introduced on 1 July.
- 2.4 The current and proposed charges are shown below. For comparative purposes, the 2009/10 and 2010/11 rates (where available) for other local authorities are shown in Appendix A of this report.

	Current Charge 2009/10	Proposed Charge 2010/11
Home Care	£9.22 /hour	£9.66 / hour
Day Care	£5.30 /day (or part thereof)	£5.55 /day (or part thereof)
Telecare	£4.55 / week	£4.76 / week
Respite Care	£3.94 /day	£4.13 /day
Transport	£1.27 /journey	£1.33 /journey
Maximum Weekly Charge	£369.75	£387.13

- 2.5 As can be seen from the data in Appendix A, Warwickshire's charges for homecare are the lowest of all authorities listed – even when comparing the proposed 2010/11 charge of £9.66 with the 2009/10 charges for other Local Authorities. .

- 2.6 There is a margin of £8 between Warwickshire's proposed charge for 2010/11 and the highest current charge for Homecare in 2009/10 (Oxfordshire). This means that Oxfordshire are charging almost 85% more for the service than Warwickshire before clients go through the financial assessment process. It is a similar story for all the other Local Authorities listed, who on average are charging almost 50% more for homecare services than in Warwickshire (with a significant number also having no maximum weekly charge level)
- 2.7 Homecare income accounts for approximately 92% of Community Care charges in Warwickshire, and is expected to generate approximately £4.56m in 2009/10. Increasing charges by 4.7% on 1<sup>st</sup> July 2010 would generate an additional £244,000 in 2010/11.
- 2.8 Charging levels for Day care show much wider variations, with three authorities shown in Appendix A making nil / nominal charges, through to Birmingham who charge between £40 and £65 per day.
- 2.9 Warwickshire's proposed 2010/11 charge of £5.55 is significantly less than the top charging rates levied for Day care in 2009/10 by other authorities. Warwickshire's proposed rate is £34/day less than Birmingham and £17 and £13 per day less than Coventry and Solihull respectively.
- 2.10 Day care income accounts for approximately 4% of Community Care charges in Warwickshire, and is expected to generate approximately £177,000 in 2009/10. Increasing charges by 4.7% on 1<sup>st</sup> July 2010 would generate an additional £9,000 in 2010/11.
- 2.11 Income from transport charges accounts for approximately 4% of Community Care charges in Warwickshire, and is expected to generate approximately £176,000 in 2009/10. Increasing charges by 4.7% on 1<sup>st</sup> July 2010 would generate an additional £6,000 in 2010/11.

### **3. Context**

- 3.1 At their meeting on 17<sup>th</sup> December 2009, Cabinet approved the 2010/11 budget for AHCS which included an additional income target of £769,000 against adult social care charging.
- 3.2 The savings target was originally designed to reflect the development of the Personalisation agenda for adult social care services, the introduction of Personal Budgets and a repositioning of charges to work towards full cost recovery. A key part of this process will be the introduction of Fairer Contributions (in accordance with national Fairer Contributions Guidance issued by the DoH) combined with increasing recovery rates for social care services over a two year period.
- 3.3 It was originally anticipated that charges in 2010 /11 would be reviewed as part of the new contributions process above. As such, clients would move to the new contributions system with effect from October 2010 and that a July

increase would not be actioned.

- 3.4 However, it is now unlikely that the original timescale of 1<sup>st</sup> October 2010 for the implementation of Fairer Contributions will be achieved and that a more realistic target is likely to be 1<sup>st</sup> January 2011. This will have both a significant and adverse effect on the savings target – and if we take no further steps will result in a shortfall of approximately £385,000 against the 2010/11 budget.
- 3.5 Increasing charges in line with current policy as detailed in 2.4 above will go some way towards partially offsetting this shortfall. In the period prior to implementing the new fairer contributions system (1<sup>st</sup> July – 31<sup>st</sup> December) the proposed increase would generate approximately £175,000. However, this will only partially cover the total budget shortfall, and will still leave £210,000 to find in 2010/11.

GRAEME BETTS  
Strategic Director of Adult,  
Health and Community Services

Shire Hall  
Warwick

March 2010

**SUMMARY OF HOMECARE & DAY CARE CHARGES ACROSS AUTHORITIES**

(NB 2010/11 WCC charging rates below are based on January RPI + 1% - these will be amended to February RPI +1% when the data is published by the ONS)

	Home Care		Day Care		Maximum Weekly Charge (before Financial Assessment)	
	2009/10 Charge Per Hour	Proposed 2010/11 Charge Per Hour	2009/10 Charge Per Day	Proposed 2010/11 Charge Per Day	2009/10	2010/11 Proposed
Oxfordshire	£17.68	not yet available	£1.48 (OP) £3.57 (LD)	not yet available	£550.00	not yet available
Solihull	£16.25	£16.65	£4.30	£4.40	no upper limit	no upper limit
Northamptonshire	£14.96	not yet available	£9.28 / 0.5 day (OP) £17.51 / 0.5 day (LD)	not yet available	no upper limit	not yet available
Birmingham	£14.91	not yet available	£40 (OP) £65 (PD) £50 (LD) £45 (MH)	not yet available	no upper limit	not yet available
Coventry	£14.48	£14.93	£22.73	£23.43	no upper limit	no upper limit
Staffordshire	£14.24 (10 hours max)	not yet available	no charge	not yet available	£142.40	not yet available
Shropshire	£11.12	not yet available	no charge	not yet available	£120.00	not yet available
Warwickshire	£9.22	£9.66	£5.30	£5.55	£369.75	£387.13