



Originator: Ann Hill/ John Lennon
Tel: 24 78555

Report of the Director of Adult Social Services

Executive Board

Date: 11th June 2008

Subject: INCOME FOR COMMUNITY CARE SERVICES - PROPOSALS FOR CONSULTATION

Electoral Wards Affected:

All

Ward Members consulted (referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In (Details contained in the report)

EXECUTIVE SUMMARY

This report sets out the current position with the review of income for non-residential adult social care services and seeks Executive Board approval for consultation on options.

The main reasons for the review are to improve our ability to invest in adult social care services, to improve fairness, equity and consistency and to provide a framework for service user contributions to help prepare for future service changes. The report explains the national and local context for service user contributions and shows that Leeds is a low income generating authority for adult social care services.

A draft contributions policy framework and three main options for increasing income are outlined, all of which take account of ability to pay. Further work on these will be undertaken with a service user and carer reference group to produce a preferred approach. This will then be the subject of wider consultation with all service users and carers until mid-September.

Executive Board is recommended to support as the context for the consultation process the need to generate more income from service user contributions to improve our ability to invest in social care services and to support fairness, equity and consistency. A further report will be brought back to Executive Board in October making final recommendations on the contributions policy framework and revised contributions. The effective date for the revised contributions is expected to be 1st January 2009.

1.0 Purpose Of This Report

- 1.1 This report sets out the current position with the review of income for non-residential adult social care services and seeks Executive Board approval for consultation on options.
- 1.2 The purpose of the report is to:
- Explain the national and local context for service user contributions
 - Set out the principles for contributions
 - Consider a contributions policy that is fairer and supports the strategic direction of Adult Social Care in Leeds
 - Set out options for further consideration through the consultation process

2.0 Background Information

- 2.1 On 16th November 2005 Executive Board received an initial report on the review of service user contributions. This report outlined the key issues that needed consideration and included a draft charging and contributions policy framework to give overall consistency. Executive Board approved the timetable for further work, which included developing financial modeling for options that would form the basis of stakeholder consultation.
- 2.2 The review has been rescheduled to enable Fair Access to Care Services (FACS) eligibility reviews to take place and the number of people using services to be more accurately determined.
- 2.3 Following a review across the Council a Fees and Charges Policy was approved by Executive Board in February 2008. The main principles within this policy are:
- All decisions on charges for services should be taken with reference to and in support of Council priorities
 - Stakeholder engagement and comparative data will be used where appropriate to ensure that charges do not adversely affect the take-up of services or restrict access to services
 - In general, fees and charges will aim to recover the full cost of services, with the case for any subsidy from the Council being set out
- The proposals within this report are consistent with the Council's Fees and Charges Policy.

- 2.4 There are three main reasons for reviewing service user contributions in Leeds:
- To improve our ability to invest in adult social care services
 - To improve fairness, equity and consistency for service users within Leeds
 - To provide a framework for service user contributions to help prepare for future service changes, particularly personalisation and new service options

It must be noted that the recommendations in this report would bring Leeds more into line with other authorities.

3.0 National Context

- 3.1 Funding for adult social care services comes from three sources: central government; local taxation; and local income generation. Authorities have discretion over:

- How they allocate central government Formula Grant funding across their services based on local needs and priorities
 - The level of income raised through the Council Tax (although this is restricted through the use of capping powers by central government)
 - The level of contribution from services users for non-residential adult social care services
- 3.2 The Local Government Association has regularly raised the issue of national underfunding of social care services in recent years, most recently in its response to the Comprehensive Spending Review consultation. Annual budget surveys conducted jointly by the Association of Directors of Social Services, the Local Government Association and Local Authority Treasurers Societies have also supported this. The recent King's Fund publication "Paying the Price" considers the potential cost of mental health care in England for the period up to 2026. One of the significant challenges it identifies relates to the rise in dementia as the population of older people grows, which will have implications for the cost of social care support.
- 3.3 The Government has recognised the need for a national debate on the funding of care and support. The Department of Health recently launched a consultation paper seeking people's views on how a fair, affordable and sustainable system of care and support can be established for the twenty-first century. As people live longer and their expectations change, the consultation paper identifies a potential funding gap for social care of £6 billion in 20 years time if the current funding system continues.
- 3.4 The consultation paper says that the current sharing of care and support costs between individuals, families and the Government will continue, but it seeks people's views on the balance of responsibility. Views are also being sought on how to make sure that individuals, families and the Government can afford to pay for care and support in the long term. The review of service user contributions in Leeds fits within this national debate. The Government's consultation process is scheduled to end in November and thereafter options for the future funding of care and support will be put forward in a Green Paper.
- 3.5 Central government has provided for some consistency across the country in charging for social care services. The Charging for Residential Accommodation Guide (CRAG) sets out the approach to assessing service user contributions for residential and nursing care, with very little scope for local discretion. The Fairer Charging Guidance also provides some national consistency through some key principles, although there is more room for local discretion than with CRAG, including the option not to seek contributions for non-residential social care services.
- 3.6 The Fairer Charging guidance includes mandatory and discretionary elements:
- Mandatory
- Free services must be provided to everyone with income below the basic rate of Income Support plus 25%
 - Allowances must be given in the financial assessment for personal expenditure and eligible housing costs
 - If capital is taken into account in the financial assessment it must not be at a higher rate than that prescribed for residential care
 - Earnings and Working Tax Credit must be disregarded in the financial assessment

Discretionary

- Whether to charge for non-residential services
- Whether to take disability benefits into account in the financial assessment (if they are included, an allowance must be given for disability related expenditure)
- Whether/how to take capital into account in the financial assessment
- The amount of disposable income assessed as being available as a contribution towards services

3.7 The main factors that will influence how local authorities apply their local discretion regarding contributions from service users are:

- The socio-economic profile of the area
- The costs of providing services
- The level of need to be met
- The ability to maintain services at an appropriate level

In setting their policy authorities need to balance these factors against each other. Central government funding for Leeds takes account of the socio-economic variations across the city, resulting in lower Formula Grant funding than most for cities, but our current service user contributions do not redress the impact of this reduced government funding from those who are able to pay more towards their services.

4.0 Local Context and Imperatives for Change

4.1 Income from service users for residential care is prescribed by government guidance and in Leeds it generates £18.4m per annum. This compares with £2.9m income for non-residential services, where there is local discretion over service user contributions.

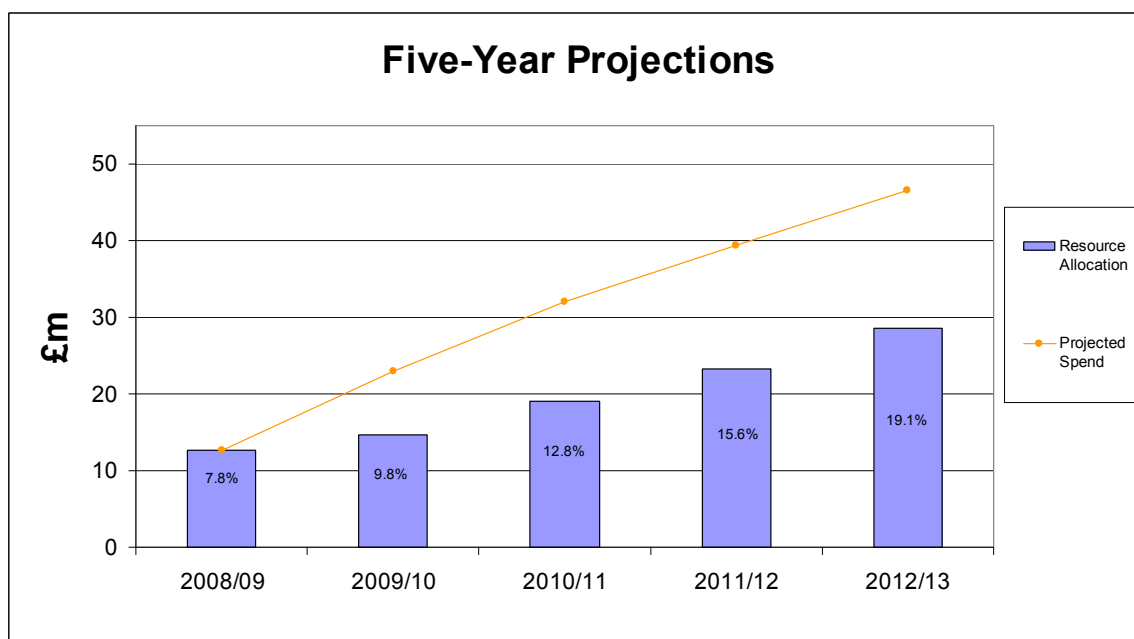
4.2 The current rates of contribution for non-residential services and the financial assessment methodology are attached at Appendix 1. This includes an explanation of how contributions are calculated and the allowances included within the assessment. All the services received are combined into one package of care, except for meals and respite care for which everyone pays the same contribution. The contribution is then determined for the whole service, taking into account ability to pay. The Fairer Charging guidance specifies an income level below which non-residential social care services must be provided free of charge based on basic Income Support plus 25%. For those over 60 this amounts to £155.06 per week.

4.3 As identified in section 2.4 above, there are three main reasons for reviewing the adult social care contributions policy for non-residential services in Leeds. These are explained in more detail below.

Improved Ability to Invest in Social Care Services

4.4 Leeds City Council receives less Formula Grant per head of population than almost all core cities and is proud of its track record of levying a low Council Tax compared to many similar cities. In this context however, our generosity in service user contributions, if continued, will have implications for the level of service the Council can afford to provide in future. The graph below illustrates the projected financial position for Adult Social Care for the next five years. Given the demographic

changes that will increase the number of service users, there will be increased costs for providing services at the same level in the future.



4.5 Adult Social Care in Leeds is aiming for top-performer status, an improvement over its current mid-performing position according to the Commission for Social Care Inspection (CSCI). This policy review presents opportunities that will help realise this ambition for service improvement. It is clear that if Leeds does not generate income at the average level for authorities across the country we are at a disadvantage compared to them in having funding available to improve and provide services in the future, which could potentially have an adverse effect on our star rating.

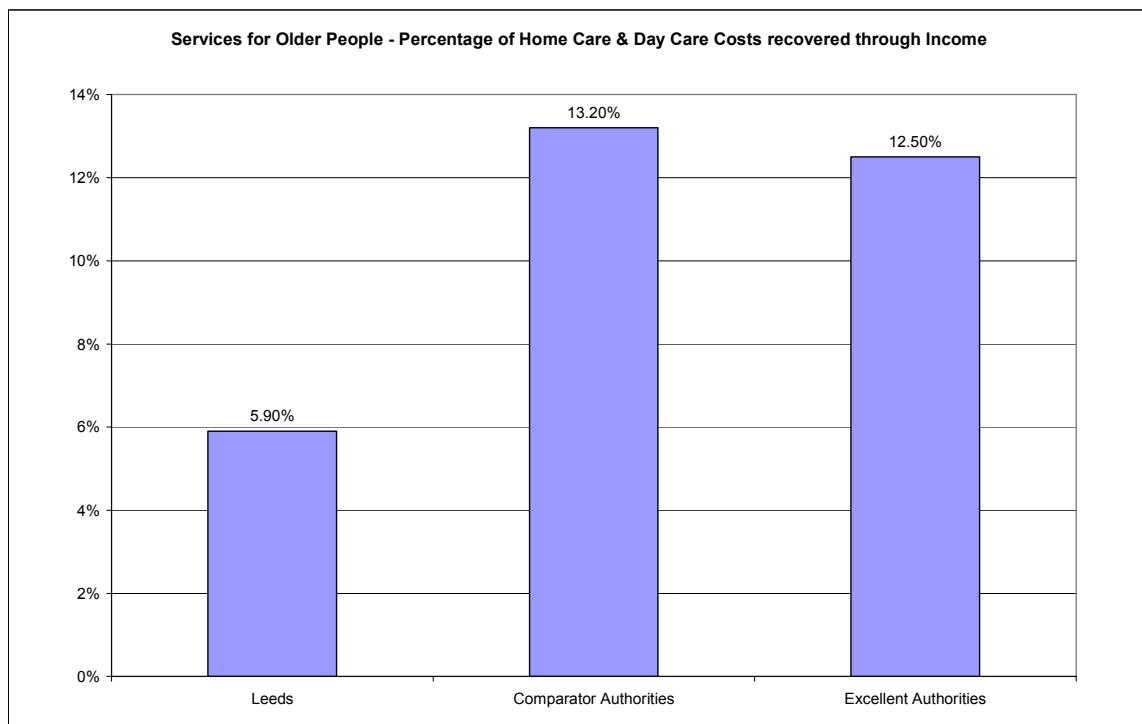
4.6 Appendix 2 shows the results obtained to date of benchmarking our current policy against other authorities for 2008/09. Work is ongoing to collect more comprehensive data. The four comparator groups used are:

- Authorities bordering Leeds
- Core cities
- Audit Commission comparator group
- Excellent authorities for adult social care

Leeds currently seeks a smaller contribution for each service and a lower overall maximum payment than many other comparator authorities, but more particularly has a more generous financial assessment methodology. Of those authorities for which 2008/09 data have been obtained, all take a person’s capital into account in the assessment. With regard to the percentage of disposable income assessed as being available towards contributions, one authority takes 50% like Leeds, but all others take a higher percentage. 73% of authorities take 100% of disposable income into account. Furthermore, 58% of service users in Leeds receive free services compared with an average of 43% for members of the 2006/07 CIPFA Financial Assessments Benchmarking Club.

4.7 An analysis of CIPFA statistics for 2006/07 shows that Leeds recovers a significantly lower percentage of its costs through income. The graph below shows the position for older people’s home care and day care services and if Leeds raised its income to

the average percentages for comparator authorities it would receive additional income of £1.4m-£1.6m per annum.



Priorities for Investment

4.8 Adult Social Care has identified three priorities for investment:

- Safeguarding services
- Carers support
- Assessment and care management

In all three areas there is currently insufficient capacity to respond as fully and promptly as best practice would require in all circumstances. Information for service users and their carers also needs to be made more accessible, particularly via the internet.

4.9 Safeguarding is a city-wide responsibility for Adult Social Care and a key service that supports the most vulnerable of all service users. There are around 50,000 care workers in the city, all of whom need some training so that they can provide better protection for service users. The provisions of the Mental Capacity Act also require training and support for staff. Keeping people safe requires resources to undertake investigations and take appropriate action when safeguarding concerns are raised.

4.10 With regard to carers support, more regular reviews of carers needs following the initial carers assessment and actions to meet those needs are the main areas for improvement. This links with the need for greater investment in the assessment and care management service that will deliver these improvements.

4.11 The assessment and care management function has difficulty with the current level of resources in ensuring that all assessments are carried out promptly, and particularly in conducting timely and effective reviews to meet performance targets. Performance has been improved over the last year, but delivering further improvements in the timeliness of assessments and responding to identified needs

will require additional investment. Data from the 2006/07 expenditure analysis for the fifteen Audit Commission comparator authorities who joined the CIPFA benchmarking club confirms the relatively low level of resources for assessment and care management in Leeds. For all client groups spend in Leeds is significantly below the average, for example it is £14.20 per head of population for older people compared to the average of £19.40 and £1.80 compared to £3.60 for learning disability services. Increased investment in this service is a key priority for Adult Social Care.

Improving Fairness, Equity and Consistency

- 4.12 The levels of contribution for Adult Social Care services have been developed over time without the benefit of a policy framework to provide context and consistency. This framework, initially considered by Executive Board in November 2005, now needs to be put in place for adult social care services to complement the Council framework that has been developed.
- 4.13 There is a significant level of consistency nationally around contributions for non-residential social care services, but Leeds is out of line with this general pattern. Leeds currently has lower levels of contributions than many other authorities and, significantly, has a more generous financial assessment methodology. Leeds also recovers a lower percentage of its costs through contributions compared to many authorities.
- 4.14 At present, middle-income service users without savings pay a higher percentage of their weekly income in contributions than those with higher incomes. For example, someone with a weekly income of £250 could pay 16% of their income in contributions, but someone with a weekly income of £800 would contribute only 11% of their income, assuming both have the same level of disability-related costs. This is an inequality that this review seeks to address within the context of all service users paying a subsidised contribution towards the cost of their services.
- 4.15 There are opportunities to address differences between contributions toward residential care and toward care in people's own homes that are so wide that some people are risking their wellbeing because of financial considerations. There is an imbalance between the service user contribution towards an intensive home care package and the amount they would paid for residential care. A person going into residential care could contribute up to £420 per week towards their care fees, but the most they could pay for an intensive home care package is the maximum contribution of £88 per week.
- 4.16 The Independent Living Fund (ILF) is a national funding source that can minimise the cost of an intensive care package to the local authority. The current service user contributions in Leeds are significantly lower than the national ILF contributions, which encourages people to opt for having their care package fully funded by the Council. In December 2007, Leeds had the lowest proportion of ILF users per 10,000 population of comparator authorities (1.4 per 10,000 in Leeds, compared with the highest at 9.5). Through bringing Leeds into line with the average for comparator authorities in accessing funding through the Independent Living Fund, additional funding of around £2.5m could be generated.

Providing a Framework for Future Service Changes

- 4.17 The personalisation agenda will lead to significant changes in the way services are delivered over the coming years. The range of services available will need to be more local, flexible and driven by service user choices. The aim of this review is to establish a framework within which charges for new services can be approved through the delegated decision process.
- 4.18 The Department of Health plans to commission a review of the current Fairer Charging guidance with the aim of developing and implementing an improved social care contribution regime to reflect the personalisation agenda. This current review in Leeds is intended to bring us more into line with the majority of other authorities to provide a more consistent basis for implementing any changes that may arise in future through new Department of Health guidance on service user contributions.
- 4.19 Sections 3.3 and 3.4 above outline the Government's consultation on how a fair, affordable and sustainable system of care and support can be established for the twenty-first century. This provides a helpful opportunity to incorporate local consideration of these issues with the service user contribution consultation in Leeds.

5.0 Contributions Policy Framework

- 5.1 The draft charging and contributions policy framework is attached at Appendix 3. This outlines a series of key principles that would underpin service user contributions for all Adult Social Care services. It covers recovering costs from other organisations as well as contributions from service users.
- 5.2 There are some key principles proposed within the contributions policy framework:
- Some subsidy for all service users so they pay a contribution towards the cost of providing the service
 - Contributions are based on ability to pay
 - Where possible contributions are based on benchmarked methodologies e.g. linked to residential care
- 5.3 Using the principles set out within the contributions policy framework will allow charges for any new or reconfigured services to be approved through the delegated decision process. Within the context of this policy framework, this report considers options for non-residential social care services.

6.0 Consultation

- 6.1 Extensive consultation has taken place with a variety of organisations on the principles contained within the draft policy framework that went to Executive Board in November 2005. One of the regular comments received through the consultation undertaken is that services should be provided free of charge, as people have contributed during their lives through taxes and pay their Council Tax, so they should not be asked to pay again. Charges for services are perceived by some as a "tax on disability". The view was also expressed that the charging policy rewards those who have spent throughout their lives rather than those who have saved for their old age. With regard to taking capital into account in the financial assessment, a significant minority of respondents supported this.

- 6.2 The consultation responses reflect some issues that are being debated nationally. As an example personal care is currently free in Scotland but not in England, which illustrates the difficulties in achieving overall consensus. The views expressed through the consultation process need to be considered in the evaluation of options within the context of the charging and contributions policy framework principles, which includes the strategic policies and objectives of adult social care.
- 6.3 The next phase of consultation will be more specific and will be based on the options set out in section 8. This second phase of consultation will take place between mid-June and mid-September. A variety of methods will be used to engage service users, carers, staff, members, voluntary organisations and other stakeholders. The consultation and communication summary plan at Appendix 4 provides further details.
- 6.4 The consultation will set out the national and local context for the contributions review as outlined above. A reference group of service users and carers will be established to oversee the consultation process. It will include representation from service user/carer led groups and will enable more detailed discussion to take place on charging options to produce a preferred approach. This will then be the subject of wider consultation with all service users and carers who may be affected by the changes, providing some background information and giving the opportunity to comment through a survey questionnaire, with a telephone helpline to provide support. A copy of the draft questionnaire is attached at Appendix 5, providing a broad outline of the issues that will be included, although this may be subject to change dependent on the work of the reference group. The consultation process will include ensuring that minority groups are reached and the views of potential service users will be sought through the Citizens Panel.
- 6.5 The consultation material will be made available to all members and briefings will be held for each group. A members workshop will also be held to enable members to contribute more fully to the consultation process.
- 6.6 At the end of the consultation period a full report on the outcomes from stakeholder engagement will be prepared, including details of the response rates from the different consultation methods.

7.0 Proposed Timetable

- 7.1 The next phase of consultation is scheduled to take place over the next three months. A further report will be brought back to Executive Board in October making final recommendations on the charging and contributions framework and revised contributions. The effective date for the revised contributions is expected to be 1st January 2009, subject to any phased implementation approved by Executive Board in October.

8.0 Contribution Options and Levels of Subsidy

- 8.1 This review has considered a wide range of options within the context of the charging and contributions policy framework principles and the national and local issues set out above. This work has been distilled into a smaller number of options

for members to consider and to form the basis of the next phase of stakeholder consultation.

8.2 The review will include contributions for home care, day care and transport, meals and respite care. Options for consultation regarding these services are set out below. Work is also underway to review the contributions for family placement and sitting services provided for service users and carers in relation to respite care and to ensure that supporting living services are dealt with appropriately relative to home care and day support services. As far as possible this further work will be incorporated within final recommendations to Executive Board, taking account of the views expressed during the consultation process. For those services still in transition at that time, contributions will be approved through the delegated decision process based on the principles set out in the charging policy framework.

8.3 Whilst the Fairer Charging guidance gives local authorities the ability to provide non-residential services free of charge, this is not recommended given the investment needs of adult social care set out above. The consultation will focus not on whether service users should contribute towards the cost of their services, but how increased service user contributions to bring our income more into line with other authorities can best be generated, taking into account fairness, equity and consistency.

8.4 There are three main options for income generation:

a. Increasing contributions for each service and the maximum weekly payment

The options are to bring Leeds more into line with the average for other authorities or to adopt either a higher or lower increase e.g. for home care, the current charge for Leeds is £8.80 per hour but the average for other authorities is £10.60 per hour (for day care the figures are £4.20 compared with £6.30 per day)

This is a low income generation option.

b. Increasing the percentage of disposable income that is available as a contribution towards services

Leeds currently includes 50% of disposable income as a contribution towards the cost of services.

The options are to increase the disposable income percentage to bring Leeds in line with:

- the significant majority of other authorities who take 100%
- the minority of authorities who take 70%-75%.

This is a moderate income generation option.

c. Taking capital, excluding the value of a person's home, into account in assessing the contribution

Leeds currently does not take capital into account in the financial assessment.

The option is to take capital into account like the significant majority of other authorities (there are several ways this can be done that will be considered during the consultation process)

This is a high income generation option.

8.5 The options are not mutually exclusive and the fact that Leeds is an outlier on all three options, at least to some degree, would suggest that some change regarding

each of these options is likely to be required. Further details of the options will be provided to members through the briefings and workshop set out in section 6.5.

- 8.6 The Council's Fees and Charges Policy recommends that subsidy levels are set out clearly and justified when charging decisions are made. It is proposed that contribution amounts are subsidised for all services, the basis for this being to provide financial support to those who require social care services as they are some of the most vulnerable people in Leeds. The level of subsidy varies across services and with the different contribution options being considered, ranging from a possible 38% subsidy for meals to 94% for day care and the associated transport.
- 8.7 There has been some discussion in Leeds about age-related free services for adult social care. Within the context of service user contributions that reflect ability to pay, different contributions based on age do not support the improved equity and fairness that this review seeks to achieve. In addition, it would have significant implications for income generation as set out in the next section.
- 8.8 The potential to phase the implementation of revised contributions will be included within the consultation. The two main options are:
- Implementing changes on a phased basis e.g. moving to 75% of disposable income in year 1 and to 100% in year 2
 - Capping the overall increase in contributions for service users in year 1 at a particular weekly figure

9.0 Financial Implications

- 9.1 Total income from financially assessed home care, supported living, day care and transport contributions is currently £2m per annum. Income from flat-rate respite care meals contributes totals £0.9m, giving an overall total of £2.9m per year.
- 9.2 The three ways of generating additional income can be applied individually or can be combined to give multiple options and the impact of the main options are outlined below. Projections relating to day care cannot be as accurate as those for home care due to the ongoing service reconfiguration that may affect service user numbers. Similarly, the impact of taking capital into account cannot be modeled with complete accuracy as we do not currently require information on capital as part of our assessments. Due to this degree of uncertainty, the projected income is shown as a range rather than an absolute figure.
- 9.3 The additional income and impact on service users for the three main options are summarised below:
- i) **Low income generation option - increasing contributions for each service and the maximum weekly payment**
Additional annual income up to £0.5m.
The 32% of service users receiving a free service will continue to do so (58% if flat-rate meals and respite care contributions are excluded)
No change at all for 46% of service users (85% if flat-rate meals and respite care contributions are excluded)
For 49% of service users the increase in contributions will be less than £5 per week

- ii) **Moderate income generation option - increasing the percentage of disposable income that is available as a contribution towards services**
 Additional annual income £1m to £1.4m, if combined with increased contributions for each service
 The 32% of service users receiving a free service will continue to do so (58% if flat-rate meals and respite care contributions are excluded)
 No change at all for 31% of service users (58% if flat-rate meals and respite care contributions are excluded)
 1% of service users would see their contribution increase by more than £30 per week

- iii) **High income generation option - taking capital, excluding the value of a person's home, into account in assessing the contribution**
 Additional annual income £2.5m to £4.6m, if combined with increased contributions and an increase in the disposable income percentage
 Those receiving a free service would reduce from 32% to 16% (from 58% to 29% if flat-rate meals and respite care contributions are excluded)
 For those with capital of less than £13,500, excluding the value of their home, anyone currently receiving a free service will continue to do so (unless they receive meals or respite care for which flat-rate contributions apply)
 No change at all for 21% of service users (38% if flat-rate meals and respite care contributions are excluded)
 14% of service users would see their contribution increase by more than £30 per week (7% by more than £50 per week)

9.4 Free services on an age-related basis would not support the income generation aspirations set out in this report to support the level of service provided and investment in service improvement. If non-residential adult social care services were provided free to those over 85, 39% of current income and potential additional income would be lost. If free services were provided to those aged over 80, 61% of income would be lost. As the age of service users is expected to continue to increase over time, age-related free services will become even less affordable in the future. Free services based on age would result in either a reduction in the level of services that could be provided by Adult Social Care or the need to identify other areas within the Council to make up the lost revenue.

10.0 Specific Implications for Equality and Diversity

10.1 An equality impact assessment will be undertaken to assess whether the contribution options will affect some communities or groups of service users differently. This will take into account the Council's statutory duties in relation to equality, diversity and cohesion. Any changes required to offset potential inequalities will be reported to Executive Board in October 2008 along with the results of the equality impact assessment.

11.0 Recommendations

- 11.1 Executive Board is recommended to:
 - (a) Note the contextual information outlined in this report and how it impacts on the contributions review
 - (b) Support as the context for the consultation process the need to generate more income from service user contributions to improve our ability to

- invest in social care services and to support fairness, equity and consistency
- (c) Agree the contributions options set out in section 8.4 to form the basis of stakeholder consultation

List of Background Papers used in the Preparation of this Report

1. Fairer Charging Policies for Home Care and Other non-residential Social Services – Guidance for Councils with Social Services Responsibilities - Dept. of Health, Nov. 2001
2. Fairer Charging Policies for Home Care and Other non-residential Social Services – Practice Guidance - Dept. of Health, Feb. 2002
3. Fairer Charging Policies for Home Care and Other non-residential Social Services – Good Practice Guide – National Association of Financial Assessment Officers
4. “Case for Change: Why England needs a new Care and Support System” – Department of Health Consultation Paper, May 2008
5. “Paying the Price – The Cost of Mental Health Care in England to 2026” – King’s Fund, 2008
6. Executive Board Report 16th November 2005 – Social Services Charging Policy Framework
7. Responses to the consultation exercise in 2006 (notes of consultation meetings and written responses)
8. Leeds City Council Fees and Charges Policy and Best Practice Guidance – February 2008
9. 2006/07 CIPFA Statistics – Personal Social Services
10. Independent Living Fund Statistics – December 2007
11. 2008/09 Charges for Other Authorities (collated by Leeds Adult Social Care)

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