

1. Introduction

1.1 Table 1 below summarises the full year estimated effect for 2011/2012 of implementing the proposed changes to charging policy as set out below.

Table 1.

Item	£'000
2. Increasing unit costs for internal residential care	143
3. Adjusting the Fairer Contribution Policy DRE disregard	43
4. Adult Care Placements	50
5. Removing the weekly maximum FC charge	44
Total	280

1.2 Section 2 relates to those assessed to pay the full cost for internal residential care. Those assessed as paying a contribution towards the cost will not be affected by this change.

1.3 Full cost recovery, for external residential care, has been applied since the introduction of community care.

1.4 Contributions towards the cost of both internal and external residential placements are calculated subject to statutory guidance issued by the Department of Health in the Charging for Residential Accommodation Guide (CRAG).

1.5 Contributions are reviewed annually in line with the uprating of Department for Work and Pensions benefits. This is not within the Council's control and can result in a loss or gain dependent on the rate applied to benefits vs. our internal inflation rate applied to budgets.

1.6 The same principle applies to pricing for non-residential services, where contributions are calculated under the Fairer Contributions Policy. This policy is subject to guidance issued by the Department of Health and linked to benefit rates over which the Council has no control.

1.7 There is however limited scope for amending the formula used to calculate non-residential charges. Proposals for amendments to the Fairer Contributions Policy are set out in Section 3, 4 and 5 below.

1.8 The provision of Meals on Wheels operates with a net expenditure budget of £65k for 2010/11. It is the view of the Director of Adult, Culture and Community Services that continuing to subsidise at this level is appropriate given the preventative nature of this service

1.9 The total client contribution income budget for 2010/11 is £6.4m.

2. Increasing unit costs for internal residential care

2.1 Introduction

2.1.1 Unit costs for internal residential provision were reviewed in 2006 and adjusted to reflect the actual cost of providing the service, effectively removing subsidy to those placed in Council owned accommodation.

2.1.2 There are currently 19 full cost payers in internal residential care as set out in column B of the Table 2 below. Unit costs have been inflated year on year from 2006 to give the current cost in column C. Full cost payers currently pay these amounts. A further unit costing exercise has now been undertaken to include the costs of Single Status.

2.1.3 Column D of Table 2 below sets out standard unit costs including direct costs of service provision plus direct management and full recharge of all corporate overheads for 2010/11. Applying these costs gives an indicative level of **£143k¹** additional income in a full year, subject to any inflation increase for 2011/12.

Table 2.

A	B	C	D	E
Residential Home	No. of full cost clients	Current unit cost per week £	Standard unit cost per week £	Additional annual income £
Red House	4	550.80	690	28,954
Broadwater	7	550.80	690	50,669
Cranwood	7	550.80	690	50,669
Osborne	1	831.30	1,084	13,140
Total	19	-		143,432

2.1.4 These estimates are based on the assumption that the current level of self-funding residents will remain the same. There are currently no full cost payers in internal Learning Disability residential care. If this situation changes the above exercise would be undertaken to determine the full charge payable by these clients.

2.1.5 Section 1.009 of CRAG requires local authorities to set the standard rate, for local authority homes, at an amount equivalent to the full cost, to the authority, of providing the accommodation. Adopting a standard unit cost as set out in Table 2 would cohere with this statutory guidance.

2.3 Fees and Charges Proposals

2.3.1 It is proposed that the standard unit costs set in Table 2 be applied from January 2011 as part of the annual review of all residential care charges. Those who pay a contribution towards the cost of the service

are reviewed annually in line with increases in pension and benefit income.

2.4 Concessions and Discounts

2.4.1 No concessions or discounts are proposed.

2.5 Methods of Payment

2.5.1 Charges for internal residential care are collected via SAP AR invoice. Customers are currently able to pay using the standard SAP payment methods. Standing Order is offered as the automated payment method. The implementation of DD for social care charges is currently under consideration as part of the AR review.

3. Adjusting the Fairer Contribution Policy (Disability Related Expenditure) disregard

3.1 Introduction

3.1.1 The DRE disregard ensures that expenditure related to a service users age and disabilities is taken into account in the Fairer Contribution Policy calculation for non-residential services. If a person thinks that their disability or age-related expenditure is above this level, they can claim for extra expenses.

3.1.2 Originally, 80% of disability benefit (Attendance Allowance, Disability Living Allowance Care Component and similar benefits) income was disregarded to cover these costs. This was reduced to 70% from April 2004.

3.2 Analysis of Cost and Income

3.2.1 Reducing the disregard to **65%** would affect the most common charging profile for Older People and Adults as follows. Please note that all figures relate to benefit rates effective from April 2010.

Example 1 65%.

A 75 year old woman living alone receiving Pension Credit of £186.25 plus Attendance Allowance of £47.80 would pay £34.84. Reducing the disregard to 65% would increase her charge by £2.39 to £37.23.

A 40 year old man living alone receiving Income Support of £128.70 and DLA Care Middle Rate of £47.80 would pay £44.63. Using a disregard of 65% would increase his charge by £2.39 to £47.02.

3.2.2 *All other service users who pay a contribution, receive disability benefits and have DRE disregarded would also pay £2.39 more.*

3.2.3 There are approximately 350 people for whom we apply DRE. Applying a reduction to the disregard would generate an additional £43k2.

3.3 Fees and Charges Proposals

3.3.1 It is proposed a Fairer Contribution Policy DRE disregard of 65% be applied from January 2011 as part of the annual review of all non-residential care charges. This change only affects those who pay a contribution towards the cost of their service.

3.4 Concessions and Discounts

3.4.1 No concessions or discounts are proposed.

3.5 Methods of Payment

3.5.1 Charges for non-residential care are collected via SAP AR invoice. Customers are currently able to pay using the standard SAP payment methods. Standing Order is offered as the automated payment method. The implementation of DD for social care charges is currently under consideration as part of the AR review.

4. Adult Care Placements

4.1 Introduction

4.1.1 Changes to the Fairer Contributions Policy in April 2009 amended the treatment of Adult Care Placements from residential to non-residential care in line with the NAAPS Funding and Charging Rules for People Accommodated and Supported in Long Term Adult Placement guidance.

4.1.2 Substantial savings were made in the ACP budget by accessing Housing benefit for eligible service users from April 2009.

4.1.3 Practice has now evolved in this area in other Local Authorities, specifically in relation to segregating ineligible housing costs from the social care element of the placement cost.

4.2 Analysis of Cost and Income

4.2.1 It has been identified that further standard costs as set by Housing Benefit regulations, namely; Heating £21.55, Hot Water £2.50, Lighting £1.75 and Cooking £2.50 can reasonably be charged to the service user, thereby reducing the ACCS contribution. These amounts in addition to the meals allowance of £23.35 give a total weekly contribution towards household expenses of £51.65 if applied in 2010/11.

4.2.2 Applying this change to current eligible Adult Care Placements would generate an additional **£50k³** per annum.

4.2.3 This contribution would be built into License Agreements for new placements and is in addition to any contribution payable under the Fairer Contributions Policy.

4.2.4 Further changes to the Fairer Contributions Policy are not required to implement this change as Paragraph 6.13.4 already contains provision for meal and utility costs being met by the service user.

4.3 Fees and Charges Proposals

- 4.3.1 It is proposed that the increased contribution towards household expenses of £51.65 be applied to all Adult Care Placements from January 2011, subject to any inflationary increase in the level of these expenses.

4.4 Concessions and Discounts

- 4.4.1 No concessions or discounts are proposed.

4.5 Methods of Payment

- 4.5.1 Contributions towards household expenses for Adult Care Placements are collected directly by the Adult Carer. The increased contribution would continue to be collected in this way, reducing the ACCS contribution.

5. Removing the weekly maximum Fairer Contributions cap

5.1 Introduction

- 5.1.1 Changes for non-residential calculated under the Fairer Contributions Policy are capped at a £550 per week.
- 5.1.2 The level of the cap is set each year at an amount equivalent to the benchmark for residential care. This was implemented as part of the original Fairer Charging Policy to avoid a perverse financial incentive for people to enter residential care.

5.2 Analysis of Cost and Income

- 5.2.1 Removing the maximum charge would generate approximately **£50k** per annum on the assumption that the current level of self-funding residents will remain the same.

5.3 Fees and Charges Proposals

- 5.3.1 It is proposed that the maximum charge be removed from January 2011 as part of the annual review of non-residential care charges.

5.4 Concessions and Discounts

- 5.4.1 No concessions or discounts are proposed.

5.5 Methods of Payment

- 5.5.1 See 3.5.1.