

**FALKIRK COUNCIL**

**Subject:** 2<sup>ND</sup> UPDATE ON THE IMPLEMENTATION OF A CHARGING POLICY FOR NON-RESIDENTIAL ADULT SOCIAL CARE SERVICES  
**Meeting:** HOUSING & SOCIAL CARE COMMITTEE  
**Date:** 1<sup>ST</sup> FEBRUARY 2011  
**Author:** ACTING DIRECTOR OF SOCIAL WORK SERVICES

**1. PURPOSE**

- 1.1 The purpose of this report is to provide Members with a second update on the implementation of the charging policy for non-residential Social Care Services which took effect from 1<sup>st</sup> November 2010.
- 1.2 In the initial update report to members on 9<sup>th</sup> November 2010 we provided information on the processes being followed to implement the charging strategy. We also provided information on resource implications for the Council.
- 1.3 This paper will provide updates on both these areas but will also give an indication on the likely financial impact of the charging policy.

**2. PROCESS**

- 2.1 In the previous update we outlined three distinct process of communication with service users and the following are updates on each of these.
- 2.2 *Notification of intent to introduce charges*
  - 2.2.1 We notified approx 5000 people receiving chargeable services at the beginning of October 2010, advising them that charges would come into effect from 1<sup>st</sup> November 2010.
  - 2.2.2 Details of the policy and the start date were also placed on the Council's website.
  - 2.2.3 However, there were some individuals who received shorter written notice of the charges. These were mainly people attending Day Care services where they had no other services. Notifications to these people were sent out in November. We are working with anyone who is in this situation and feels they need additional time or assistance in adapting to paying charges where/if they are due.
  - 2.2.4 We have issued guidance to staff on the process to ensure that new service users are aware of possible charges from the outset.

## 2.3 Notification of individual liability to be charged

2.3.1 We issued a second set of letters towards the end of November 2010. These reflected a number of different positions:

No mandate returned therefore charge applied	- 1165
Assessed as being liable to pay	- 1868
Assessed as not liable to pay	- 55
Further investigation required	- <u>550</u>
<b>TOTAL</b>	<b>- 3638</b>

2.3.2 The difference in numbers between the first and second set of letters is accounted for in the following ways:-

- Approximately 300 duplicate letters were issued, often in circumstances when couples had a shared service.
- A number of service users had died or moved into residential care
- Information provided in response to the first letter was incomplete and required further investigation.

2.3.3 Over the two months of November and December we have seen a significant number of people who previously had not returned a mandate having now done so.

2.3.4 We have also seen a number of cases where service users have sought to clarify or challenge decisions on liability to pay initially made. All such cases were placed on hold while further checking was carried out and where required a fuller financial assessment has been carried out.

2.3.5 We also saw a number of service users expressing their wish to terminate services and current figures set out in 2.3.7 below. Members may recall that in the update in November 2010 we advised that most service users who expressed this wish after receiving the first letter were agreeable to awaiting the notification of liability which would come in the second letter.

2.3.6 For all cases where people have requested to terminate a service we are adopting the same approach:

- Cases are put on hold on the charging database which means no further action will be taken until the matter is fully resolved
- An assessment is carried out in terms of the potential or likely impact of stopping each service
- If any significant level of risk is identified then we will explore options such as income maximisation to help affordability, or alternative care options for certain aspects of a car package etc
- If there is still concern about affordability, a referral will be made to further review the case under the exceptional circumstances option within the charging policy
- Only if we are clear that all options are satisfactorily explored and the service user is still clear that they wish to terminate the service will we then arrange to do this

- Where a decision to terminate the service is finalised then the case will be taken off hold on the charging database
- Where required the appropriate actions would be take to either ensure that the account is settled - this will usually mean ensuring that any charges raised to that point are cancelled.

2.3.7 At the time of writing this report we have on record the following number of people requesting termination of a service and we are currently reviewing each case as per the process set out in 2.3.8 (above).

- MECS – approx 359
- Shopping Service – 17
- Domestic Care – 91

2.3.8 Social Work Services are committed to the wellbeing of all its services users and accordingly we would be concerned if anyone decides to terminate a service that we see as essential to them. We will work with all service users considering terminating a service to find the best solution in their individual circumstances.

## 2.4 Invoicing for service charges

2.4.1 We previously indicated that we would invoice all services monthly in arrears except where people received MECS-only where we would invoice quarterly in arrears. However, Members raised concerns that people who receive only MECS services may also prefer to be invoiced monthly. We also received feedback from service users to the same effect.

2.4.2 While we were unable to move MECS-only cases to monthly invoicing from the start we have issued an initial invoice for November and December but will move to monthly invoicing thereafter. Again, where people have difficulty in paying the initial two month invoice we will offer arrangements to pay this invoice over a longer period.

2.4.3 The position in relation to invoices raised at the time of writing this report is as follows:

Monthly Invoice issued	- 931
On Hold – subject to challenge/investigation	- 342
Chargeable income zero therefore No Charge	- 148
No Chargeable income – info missing	- 42
MECS Only Invoices	- 1676
On Hold – subject to challenge/investigation	- 141
Chargeable income zero therefore No Charge	- 227
No Chargeable Income – info missing	- 176
<b>TOTAL</b>	<b>- 3683</b>

2.4.4 At the time of writing this report there were 4782 people recorded as receiving a chargeable service and so there remains a substantial number of cases still to be processed.

This includes new people who have external services and who are still in the process of providing information, as well as people who returned mandates beyond the initial cut off date.

- 2.4.5 It is unfortunate that the winter emergency coincided with a critical stage of implementation and this has had a significant impact on the speed with which cases have been able to be progressed. During this time, our priority was to ensure that the first series of invoices were raised on time and were accurate and we largely achieved this priority
- 2.4.6 The main area of concern to the service now is to work through those cases where we still need to issue communication on liability to pay. We are very aware of the concern that this raises for those service users. While we expect to have notified all service users of their liability by the end of January 2011 this will mean that for those who are assessed as being liable to pay, they will be in arrears at a very early stage in the process.
- 2.4.7 We are clear that we will support these individuals through the process and time will be given for any arrears to be paid up. The normal procedure through the sundry debtors system allows for repayments to be made during a period of up to 12 months. In these cases we will also prioritise income maximisation to help mitigate the impact of the charges where possible.
- 2.4.8 We expect therefore to have issued invoices to all service users assessed as being liable to pay for their services by the end of the first quarter of the policy introduction with people mainly moving to monthly invoices from then onwards.

#### **4. POLICY IMPLEMENTATION**

- 4.1 In implementing the charging policy we have identified three areas where we propose to adjust the manner in which the policy is operated.
- 4.2 Firstly, the existing guidance allows for the following to be considered as disregards against income:
- Housing Costs
  - Water and Sewerage Payments
  - Council Tax Payments
  - ILF – Client Contribution

In addition it is proposed that we will take into account existing liabilities only where we are clear that these relate to the following:

- Essential and existing care needs where there is a charge already in place from an alternative source or costs would lead to the service user falling below the protected income thresholds.
- 4.3 On the other hand where an individual is being financially assessed with regards to contributing to the costs of any residentially based respite we will take any payments in relations to charges for non-residential care into account as an income disregard.

This essentially means that for anyone assessed as liable to make payments in relation to non-residential care, they would see the amount they pay for respite drop by the same amount they are being charged for non-residential care.

- 4.4 In broad budget terms this will have minimal impact of the budget for Respite Care provision.
- 4.5 Case studies show that the current practice of paying for up to the first six weeks absent from using a service, should be amended to 4 weeks. The reason for this is that both DLA (Care Component) and Attendance Allowance payments stop after a person is in hospital for 4 weeks. Both these benefit payments have proven to be very influential in terms of determining that any given individual is liable to pay their relevant charge. Therefore stopping this income would move people below the relevant income threshold level.
- 4.6 The impact of the extreme bad weather was that there were disruptions in care delivery and availability of certain services – indeed all bar the MECS service and critical personal care services. This meant that service users were essentially unable to access or use some of the services they were liable to be charged for.
- 4.7 The flat rate charges have been set at low levels and are only contributions of care costs of an individual packages – hence being charged across the whole year normally regardless of short term episodes of not using the service(s). The policy does not really suggest that we should charge for services when they are not made available in the first instance.
- 4.8 Accordingly we have not charged for any of the non-residential care services (apart from MECS) for the first two weeks of the December invoice period (29/11/10 – 12/12/10).

## **5. FINANCIAL IMPLICATIONS**

- 5.1 Based on the invoices which have been raised to date we are projecting a potential income of around £330k covering the five months from 1<sup>st</sup> November 2010 to 31<sup>st</sup> March 2011.
- 5.2 There is encouraging signs of payment compliance. The first invoice run totalled to an amount of approx £56k (for November 2010) and by the end of the first week in January there was approx £26k already collected and of the remaining £30k there were a high level of Direct debit mandates already in place – first monies will come to the Council on 1<sup>st</sup> February 2011.
- 5.3 With a further 1100 cases still to be finalised in terms of assessed liability there is clearly potential for a further, significant increase to this level of income. While at the time of writing this report we would not wish to speculate on what might be the overall likely income for 2010/11 we should be in a position to update this particular information by the date of this Committee meeting.
- 5.4 Similarly we would expect to be in a position to provide updated information on what this type of collection rate might mean at full year level.

## **6. HUMAN RESOURCE IMPLICATIONS**

- 6.1 Although all processes have been managed within current staffing, by temporarily shifting resources internally, we have now revised the likely staffing requirements to maintain the charging policy operationally from here forward.
- 6.2 We previously advised Members that we would require two additional clerical posts – one sitting within Social Work Services and the other sitting within the sundry debtors section.
- 6.3 Having reviewed where we are experiencing the most resource pressure we would now advise that we require an additional clerical post to operate the central charging function to ensure that this is robust enough to deal with the volume of work being experienced.
- 6.4 The post sitting within the Sundry debtors section of Revenues is still required and they will be responsible for all sundry debtor processes required to allow invoices to be issued timeously (arranging Direct debits, issuing invoices etc).
- 6.5 The final area where we are now clear that we require an additional member of staff is within the Financial Assessment team and this is to ensure that services user can be properly financially assessed and also to ensure that we have capacity to provide income maximisation where required. The costs of this post is partially met by the savings accrued from the discontinuation of payments to some service users attending day centres.
- 6.6 It is proposed that both additional posts will be created on a temporary basis and will be subject to regular review. The net additional costs to Falkirk Council on a full year basis is approximately £30k. This is considered to be a worthwhile additional investment given the level of income which can be anticipated and the need to improve our efficiency in dealing with enquiries.

## **7. CONCLUSIONS**

- 7.1 The implementation of the charging arrangements have been particularly challenging and have been adversely affected by the winter emergency. Although the majority of cases have in fact been processed through to invoice stage within a reasonable timescale, we are aware that there remains a number of cases still requiring further work. We are committing resources to clearing this backlog as quickly as possible and we are aiming to have most, if not all, cases processed to invoice stage by the end of January 2011 which would mean no-one would owe more than one financial quarter worth of charges – which we will afford up to 12 months to pay.
- 7.2 Based on invoices to date and projections we are projecting an income for 2010/11 of between £330k and £450k, with firmer figures to be provided by the time of this committee.
- 7.3 There are a small number of changes/clarifications on the policy which have become evident through the first three months of operating the policy and these have been outlined above.

- 7.4 There is a requirement for some additional staffing to be attributed to operation of the charging policy to ensure that it is managed effectively.
- 7.5 Finally, we indicated in the report to Members in September 2010 that we should implement a charging policy for non-residential care for adults, in a staged approach. We indicated that we would bring forward any further recommendations based on the experience of implementing this first stage of charging.
- 7.6 Considering the details already contained in this report, reflecting our current position and including the challenges that still remain with the current charging policy, it would seem inappropriate to move to a second stage at this time. The policy amendments listed above should allow this current charging policy to operate effectively. It would be appropriate to allow more time for this policy to become embedded before considering any further changes.
- 7.7 However, one area that we did commit to come back to committee regarding is on transport costs and issues. As stated in previous reports we still intend to provide a separate report to committee on a revised transport policy. This will include any recommendations on meeting the increasing costs of transport within Social Work Service commissioned care packages.

## **8. RECOMMENDATIONS**

**Members of the Housing and Social Care Committee are asked to**

- 8.1 note the progress achieved to date in the implementation of the charging policy and also note the challenges to bringing the policy into full operation and up to date;**
- 8.2 note the projected income figures based on current information**
- 8.3 note the adjustments to the operation of the policy set out in paragraphs 4.1 to 4.8**
- 8.4 note the additional staffing required for the safe and robust operation of the charging policy**
- 8.5 agree that the current policy should be further reviewed in June 2010 before considering any options to move to a second stage policy**
- 8.6 request the Acting Director of Social Work Services to provide a further update in June 2011 to Members of the Housing and Social Care Committee.**

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**Acting Director of Social Work Services**

**Date: 14<sup>th</sup> January 2011**

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