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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	13 February 2020
<b>Subject:</b>	Adult Social Care Charging Policy Review
<b>Key Decision:</b>	No
<b>Responsible Officer:</b>	Angela Morris Director of Adult Social Services
<b>Portfolio Holder:</b>	Cllr Simon Brown Portfolio Holder for Adults and Public Health
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	<ol style="list-style-type: none"><li>1. <a href="#">Equalities Impact Assessment</a></li><li>2. Consultation <a href="#">Citizen Responses</a> –<ol style="list-style-type: none"><li>a. Summary of written responses</li><li>b. Written responses</li><li>c. Online responses</li><li>d. Public meeting attendees</li><li>e. Equalities monitoring</li></ol></li><li>3. <a href="#">Benchmarking</a></li><li>4. Existing Adult Social Care Charging and Assessment of Resources Policy (2018-19)</li></ol>

## **Section 1 – Summary and Recommendations**

This report explains proposals to update Harrow's Adult Social Care (ASC) Charging & Financial Assessment Policy to ensure it complies with the Care Act 2014 following consultation with residents and provides clear explanations of how charges are determined.

### **Recommendations:**

Cabinet is requested to consider and approve the following proposals from 1 April 2020:

1. implement Set Up Fees and Annual Administration Fees for self-funders for both Residential and Non-Residential care and support services to ensure full cost recovery in line with the Care Act
2. implement Provisional Assessments for Non-Residential financial assessments so that contributions towards care can be charged from the start of the care and support services being provided
3. implement a Minimum Assessed Charge of £5 per week for Non-Residential financial assessments to ensure cost effective use of resources
4. use Couples rate instead of Single person's rate for calculating MIG+25% for couples under retirement age (18 – 64) for Non-Residential financial assessments
5. replace Single person rate with Couples rate for those aged 65 and above for Non-Residential financial assessments
6. remove the 50% disregard on Private/Occupational Pensions & Annuities income, so the full amount of the pension will be included within the financial assessment to bring Harrow in line with national (and local) charging policies for those receiving care and support.
7. remove the additional 25% allowance provided to those in receipt of Employment and Support Allowance (ESA) Premium Rate and who receive care and support in their own homes. The policy will provide for an individual assessment of care needs through the disability related expenditure to ensure that vulnerable individuals are not disadvantaged.

### **Reason: (For recommendations)**

The proposals will bring the policy and processes into line with the Care Act 2014 and with other local authorities (both locally and nationally).

The proposed removal of additional disregard allowance brings Harrow in line with neighbouring Boroughs.

## **Section 2 – Report**

### **Introduction**

Local authorities have a duty to arrange care and support for those with eligible needs, and a power to meet both eligible and non-eligible needs. In all cases, a local authority has the discretion to choose whether or not to charge under section 14 of the Care Act following a person's needs assessment.

The majority of Councils charge for care and support, this is increasingly so given the period of austerity which has seen significant reductions in government funding. In Harrow the Council have seen the Revenue Support Grant, its main source of funding from central government, reduce by 97% over the last 8 years, reducing the grant in 2020-21 to £1.6m from £52.1m in 2013-14 (a £50.5m reduction).

By generating additional income, these proposals will help the council to continue to provide and maintain support for the most vulnerable of its citizens.

### **Options considered**

Given that the proposals would bring the policy in line with other councils nationally, it is not considered appropriate to leave the policy unchanged. In addition the proposals would generate additional income for the council to assist in longer term with mitigating the financial pressures reflected in the budget gaps of £9.971m and £3.254m for 2021-22 and 22-23 respectively as reported to Cabinet in January 2020.

### **Background**

Harrow's Charging & Financial Assessment Policy was updated in 2015 following the introduction of the Care Act 2014.

As part of this process and in view of ongoing budgetary pressures, a routine review of the financial assessment process was undertaken by Internal Audit. As a result of their recommendations made in the last quarter of 2018, a review of the ASC Charging & Financial Assessment Policy was undertaken during 2019.

The review highlighted generous local allowances above those required by regulations that have remained in place since the introduction of the Care Act, in spite of the government's austerity measures. The review included a benchmarking exercise to ensure the proposed changes would keep Harrow in line with its neighbours, as well as local authorities in London and countrywide as far as possible.

By removing these additional non statutory local allowances, there is the potential to generate increased income for the Council by making changes to the current Charging & Financial Assessment policy.

## Current situation

The Council's charging and financial assessment policy covers both residential and non-residential care and support services, however, the proposed changes largely affect the calculation of the non-residential financial assessment process.

Harrow's non-residential financial assessment process is limited to waiting for citizens to provide their financial information before completing the assessment and providing them with their assessed contribution towards the cost of their care. It is only at this time – once the financial assessment is complete and the citizen notified of their assessed contribution - that the Council can begin to invoice for services provided. Legislation states the following at 8.42:

“Because a person who receives care and support outside a care home will need to pay their daily living costs such as rent, food and utilities, the charging rules must ensure they have enough money to meet these costs. After charging, a person must be left with the minimum income guarantee (MIG), as set out in the Care and Support (Charging and Assessment of Resources) Regulation 2014. In addition, where a person receives benefits to meet their disability needs that do not meet the eligibility criteria for local authority care and support, the charging arrangements should ensure that they keep enough money to cover the cost of meeting these disability-related costs.” Given this, charges can only be invoiced following a financial assessment. There are often lengthy delays, due to citizens and/or their representatives taking time to compile their information, which delays the ability to charge for services already being received.

- The Council is losing out on potentially significant income by retaining historic local disregards and allowances in the financial assessment process, particularly the 50% disregard of Occupational Pensions and the 25% allowance on Employment & Support Allowance (ESA) Premium Rate.
- The 50% disregard on private pensions is calculated manually, as it has not been included with any Mosaic upgrades, and there is possible potential for errors to be made. Removing the disregard and upgrading Mosaic will prevent errors & make processes more efficient and consistent. The same principle applies to those in receipt of the Premium Rate of Employment and Support Allowance (ESA).
- Those citizens who have assets in excess of the upper threshold of £23,250 are required to pay for the full cost of their care and are known as self-funders. Under the Act, should the citizen request assistance, LAs have a duty to make arrangements to put in place the care to meet their needs. However, since 2015 the Act has allowed LAs to charge for that service, as long as the charges do not exceed the cost of making those arrangements ie; full cost recovery without making a profit.
- The Council is also spending more than necessary by not having a Minimum Assessed Charge and not using resources effectively by spending time on invoicing those with low contributions which potentially costs more than the income being generated and subsequently collected.

## **Why a change is needed**

- Despite continued reductions in the settlement from Government, Harrow has continued to provide allowances that exceed that required by the relevant regulations and which are out of line with local authorities both locally and nationally. It is anticipated that by bringing local allowances back into line with regulations, additional income will be generated which will be used to support provision for vulnerable adults within the Borough within the overall council financial envelope.
- in order to continue to provide services to the most vulnerable within cash limited resources, those assessed as being able to contribute towards their care should do so
- The changes to collection should lead to improved performance within the Financial Assessment team, and charges to self funders should lead to a cost neutral service provision
- Better working environment for Financial Assessment Team – better morale = increased productivity
- More efficient and consistent approach to the Financial Assessment process

## **Implications of the Recommendation**

### ***Considerations***

A public consultation was carried for the 6 weeks from 22 October to 6 December 2019. Approximately 1950 questionnaires were sent out to all those citizens receiving Non-Residential care and support services and 2 public meetings were carried out for citizens who wanted further information about the proposed changes.

Replies were received from 171 respondents (145 questionnaires, 5 online and 21 meeting attendees). As expected, there was a mixed response, with those directly affected by each proposal being less inclined to agree than those who are not.

It is natural that people who will potentially have to contribute more towards their care and support will be upset at the proposals and this is reflected in the responses to the consultation as expected. As a result these concerns have been recognised by the phased implementation of the proposal. However, it must also be recognised that Harrow's citizens have had the benefit of these local allowances, and therefore more disposable income, for many years after the majority of councils countrywide withdrew theirs.

The changes proposed reflect the requirements of the Care Act and supporting Guidance and Regulations

## **Resources, costs**

The Adults Transformation programme has funded the one-off cost of this project, estimated at £34k. No additional costs are expected as a result of the proposed changes, as the departmental restructure has already been implemented and the Mosaic (Adult Care Management & Finance System) system upgrade is being tested ready for implementation in January 2020 as part of business as usual.

Charges proposed in respect of self funders should result in a cost neutral service provision

## **Staffing/workforce**

As above, there is no expectation that additional resources will be required, as most changes directly affecting officers will be carried out automatically within the annual financial assessment process.

It is possible that following financial assessment (which results in an increased contribution) there may be an increase in the level of outstanding debt. As a result, there may be a requirement for additional resources to support additional debt recovery activities, however, given the uncertainty around this risk this will be kept under review and considered, if required.

## **Ward Councillors' comments**

### **Performance Issues**

It is likely that some clients affected by the proposed changes (particularly those whose pensions will be fully taken into account) will express dissatisfaction through the forthcoming (statutory) User Survey in February 2020. The timing and questions are fixed by Government.

Although there is only one question about satisfaction with care & support, strong feelings about this proposed change may potentially impact on responses to other questions and indicators if people believe the changes will impact on their quality of life.

Satisfaction levels measured in the national indicator (ASCOF 3A) from the last survey were at 56% (from people using services, responding that they were 'extremely' or 'very' satisfied) and 29% (from carers of people receiving long term support, again including those 'extremely' or 'very' satisfied). These results ranked 13<sup>th</sup> and 14<sup>th</sup> respectively, out of the 16 most similar councils in our CIPFA comparator group.

It isn't possible to estimate what the impact might be if the proposals go ahead. Having already consulted on the proposals it is likely that any negative impact on the national indicators taken from the survey would still be seen due to the timing of any final decision coming after the survey is completed. People's comments are also captured in the survey so we will be able to judge the extent to which these proposals may have influenced responses.

## Environmental Implications

A benefit to Harrow will be a reduction in its carbon footprint as staff will be required to make fewer visits to citizens to complete their financial assessments.

## Data Protection Implications

NONE

## Risk Management Implications

Risk included on Directorate risk register? Yes

Separate risk register in place? No

The proposals will generate additional income which will help to mitigate wider funding pressures within Adult Social Care.

Given the uncertain nature of the ongoing nature of the assessed income arising from these proposed policy changes, a realistic level of income has been assumed as mitigation for the Adult Services Funding gap. If this prudent level of income is not achieved this will require mitigation within the directorate and potentially the overall council finances.

There are no Health & Safety implications anticipated with the proposals sought, however some citizens may feel that the reduction in their disposable income may affect their lifestyle.

Transitional protection is proposed for those whose disposable income is affected most. Those having Private Pensions will have the withdrawal of the disregard staged over 3 years:

- Year 1 = 70% of pension included in Financial Assessment (FA)
- Year 2 = 90% of pension included in FA
- Year 3 = 100% of pension included in FA.

Those affected by the removal of the allowance to ESA Premium Rate will have 2 years, split equally across the years.

The difference in time is due to the potential amounts involved with Private Pensions being significantly higher than those of ESA Premium Rate and those affected are for the most part older than 65 years.

Changes to the financial assessment process are in line with the Care Act 2014, the relevant guidance and regulations

*No risks to health & safety anticipated.*

*Given the long standing nature of the local allowances, there could be potential complaints and /or Local Government Ombudsman involvement,*

*however these have been highlighted in our Equalities Impact Assessment, which is attached as Appendix 1.*

## **Procurement Implications**

There are no procurement implications arising from the proposals.

## **Legal Implications**

Local authorities have a duty to arrange care and support for those with eligible needs, and a power to meet both eligible and non-eligible needs. In all cases, a local authority has the discretion to choose whether or not to charge under section 14 of the Care Act following a person's needs assessment.

Where it decides to charge as Harrow has, it must follow the Care and Support (Charging and Assessment of Resources) Regulations 2018, which set out minimum income guarantees and how financial assessments are to be conducted. Regard must also be given to the Care and Support Statutory Guidance.

The local Authority must publish its charging policy which must clearly set out how charges are to be calculated.

## **Financial Implications**

The table below summarises the potential financial impact of the proposals, which are described in more detail below. It should be noted that increased income can only be generated through a financial assessment based on client information regarding their financial situation.

The income noted in the table below provides an indication of the potential additional income for 2020-21 if the proposals are adopted from 1<sup>st</sup> April 2020.

This level of income assumes that all current citizens make the full contribution in relation to their increased assessed charge following implementation of the proposed changes. In practice, the actual achieved income is likely to be lower given that this affects in the main the over 85's.

Income levels change over time with the mix of citizens in receipt of care and will not therefore represent annual ongoing income at this level, albeit the overall income on an annual basis is expected to increase as a result of these proposals.

As a result, the estimated financial benefit for 2020-21 is assumed at £200k and is reflected in the draft 2020-21 budget (Cabinet 9<sup>th</sup> January 2020) as part of the mitigation planned to address the estimated Adult social care pressures (para 1.36 Table 3). This will be closely monitored and any additional income



reported accordingly.

Item	Year 1 (2020/1)
2) Provisional Assessment	£130K
4 & 5) Couples Rates (net)	(16K)
6) Pension Changes	£140K
7) Employment & Support Allowance (Premium Rate) Changes	£108K
<b>Yearly Total</b>	<b>£362K</b>

- 1. Charging Self-Funders for Arranging their Care & Support:** Benefit to Harrow is expected to be in efficiency savings by having self-funders arrange their own care. It will otherwise cover the costs for those that require Harrow to commission care and support services on their behalf.
- 2. Introducing Provisional Assessments & a Minimum Assessed Charge for Non-Residential services:** By implementing Provisional Assessments (based on locally held information, for example; Housing and Council Tax systems, as well as that of the Department for Work and Pensions (DWP)), pending receipt of citizens' financial information and Disability Related Expenditure (DRE), Harrow will be able to charge for contributions towards care from the start date of the care being provided.
- 3. Introducing a Minimum Assessed Charge** (of £5 per week) would result in efficiency savings from not having to bear the costs of invoicing citizens below this amount. The impact for the Council in lost income would be marginal (under £10k) and would benefit **26** citizens (15 in 65+ age group) by an average of **£3.58** per week (£186.16 per annum).
- 4. Updated Financial Assessment Policy (Single v Couple Rate):** By using the Couples rate instead of Single person's rate for calculating MIG+25% for couples under retirement age (18 – 64). While citizens must be assessed in their own right, ie: no reliance can be placed on the income or assets of their spouse, where benefit income is concerned and payment is made as a couple, according to the statutory guidance, this must be included in the financial assessment and split equally between them. This will reduce income to the Council in the region of **£50K** per annum. However, it will have a beneficial impact on **41** citizens' disposable income, to the tune of **£23.30** per week.
- 5. Replacing the Single person rate with the Couples rate for those aged 65 and above** will affect **444** citizens, reducing their disposable income by **£1.45** per week. This in turn will bring into charging a further **£33.5K** per annum for Harrow.

**6. Removing 50% Disregard on Occupational Pensions/ Annuities:**

Currently Harrow is out of line with both neighbouring boroughs and councils nationally. The introduction of this proposal will address this inconsistency, although this is the most contentious of the proposals and will generate the majority of the additional income. This change will affect 140 of the 189 citizens that receive Occupational Pensions, by an average of **£60** per citizen per week (£3k pa) after transitional arrangements have ended. The remainder are those who already pay for the full cost of their care or the change remains insufficient to bring them into charging.

**7. Removing the additional 25% provided to those in receipt of ESA**

**Premium Rate** (those aged 18-64 only), contribution income will increase by approximately **£220K** per annum. These proposals will adversely affect 85 citizens (aged 18 – 24) by approximately **£3.86** per week (£200 per annum) and 536 citizens (aged 25 – 64) by approximately **£9.11** weekly (£473 per annum).

The new policy (including transitional arrangements), if approved, will be applied to both existing and new citizens. This will ensure that the policy is equitable and avoid creating a 2-tiered system whilst also enabling this to be managed effectively.

Whilst the proposals anticipate generating additional income for Adult Social Care over the coming years, the Council must be mindful that the level of debt outstanding may increase. Although the new policy will be applied, citizens may continue to make their historic contributions, leading to an increase in the debt outstanding (where contributions are recovered through the monthly raising of invoices).

The impact on the Debt Recovery team will be monitored enabling consideration of any additional resources where required, although any ongoing resource impact will inevitably reduce the overall additional income received by the Council as a result.

Planned and funded updates to be implemented on the Mosaic IT system will minimise the additional staffing requirements by automating some of the more work intensive functions, for example: the annual reassessment process. This will provide time to conduct their day-to-day activities more effectively, which will result in more accurate work which should lead to fewer complaints and the need for reassessments.

## **Equalities implications / Public Sector Equality Duty**

Harrow has met all of its Public Sector Equality Duties. Please see attached Equalities Impact Assessment at Appendix 1.

Equalities monitoring was also carried out as part of the consultation, details of which are attached as Appendix 2 (e) – Equalities Monitoring.

## Council Priorities

The increased income generated from these proposals, if approved, will enable the Council to continue providing services to the most vulnerable in the borough. This will support the following Council priorities:

2. **Supporting Those Most in Need** by empowering residents to maintain their well-being and independence and reduce the gap in life expectancy in the borough
  
5. **Modernising Harrow Council**
  - Deliver excellent value for money services
  - Reduce the borough's carbon footprint
  - Use technology and innovation to modernise how the Council works

Mosaic (Harrow's Social Care Client Relationship Management system) is being upgraded, which will streamline the financial assessment process by automating some of the more time-consuming processes, for example: annual reassessments for citizens will be completed automatically at the beginning of each year rather than requiring staff to complete a manual reassessment.

This in turn will improve staff morale, as they will be able to concentrate on their day-to-day work. As a result, their work will be more accurate & consistent & as a result, the number of reassessments & complaints should also reduce.

A further benefit to Harrow will therefore be a reduction in its carbon footprint as staff will be required to make fewer visits to citizens to complete their financial assessments.

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 23 <sup>rd</sup> January 2020		
Name: Sharon Clarke	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 29 <sup>th</sup> January 2020		
Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: 23 <sup>rd</sup> January 2020		

Name: Paul Hewitt



Corporate Director

Date: 4 February 2020

**MANDATORY**

**Ward Councillors notified:**

**NO, as it impacts all wards**

**EqIA carried out:**

**YES**

**EqIA cleared by:**

Johanna Morgan

## **Section 4 - Contact Details and Background Papers**

**Contact:**

Ian Farrer ([Ian.Farrer@Harrow.gov.uk](mailto:Ian.Farrer@Harrow.gov.uk)) / Shaun Riley (Shaun.  
[Riley@Harrow.gov.uk](mailto:Riley@Harrow.gov.uk)) Adult Social Services, Harrow Council  
Tel No: (020) 8416 8404

**Background Papers:**

1. Care and Support Statutory Guidance -  
<https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance>

**Call-In Waived by the  
Chair of Overview and  
Scrutiny Committee**

**NO**