

NORTH LANARKSHIRE COUNCIL

REPORT

TO: Social Work Committee	Subject: Home Care Charging Structure
FROM: Jim Dickie Director of Social Work	
DATE OF COMMITTEE: 5 March 1998	
REPORT AUTHOR: George McInally	
REF: JD/GMCI/JMCF	

1 PURPOSE OF REPORT

1.1 To recommend to Committee a new structure of charges for home help services and to set a rate of charges which will be applied from 1 April 1998. The report therefore establishes the following principles:

- ◆ The new charging system resolves anomalies which have been identified within the existing charging arrangements.
- ◆ The proposed charging system has been simplified and is therefore more readily understood.
- ◆ Home help service will be provided free to single people who have an income of £100 or less. For couples the figure is £120.
- ◆ The proposed charging system will restrict charges to ensure that those on higher levels of incomes are not paying more than the service costs.
- ◆ The level of charges which are recommended are reasonable and affordable.

2 BACKGROUND

2.1 Charges for home help services have applied for many years. The last major review of the charging structure was implemented by the predecessor authority in 1994 and forms the basis of the current system which operates in North Lanarkshire.

2.2 In January 1997, the Scottish Office Social Work Services Group issued a circular SWSG 1/97 which set out guidance on charging for adult non residential sector care. The proposed system for charging for home help services takes account of the guidance contained in this circular.

2.3 Section 87 (1A) of the Social Work (Scotland) Act 1968 provides local authorities with the power to charge for personal social welfare services provided to adults including those with a sensory impairment. Charges may include day care for elderly people, physically disabled and mentally ill people and people with learning difficulties covering services such as:

- ◆ lunch clubs
- ◆ domiciliary care
- ◆ wardens in sheltered housing
- ◆ community alarms
- ◆ laundry services
- ◆ aids and adaptations

2.4 This report however only deals with domiciliary service charges. The remaining areas where charges can be applied will be dealt with in a future report to Committee.

3 CHARGING FOR ADULT NON-RESIDENTIAL SECTOR CARE

3.1 The Scottish Office, SWSG circular 1/97 provides general guidance on local authorities discretionary powers to charge for adult non-residential sector care, this advice is summarised in Appendix 1 of this report.

4 HOME CARE CHARGING STRUCTURE

4.1 The current charging structure which applies in North Lanarkshire was inherited from the predecessor authority and operates on the principal of clients paying a charge which is based on a series of income bands. Single people who have incomes in excess of £110, pay charges which range from £1 to a maximum of £27.50 per week. For couples the charging threshold begins at £135 and again charges range from £1 to £27.50 per week.

4.2 When a singleton service is provided, i.e. less than two hours home help or a meals only service, the charge is restricted to £4 per week for both single people and couples.

4.3 Single clients whose incomes are less than £110 and couples with incomes of less than £135 receive a free service.

4.4 People who receive a home help and a meals service, only pay one charge which is determined by the income band which they have.

4.5 Where a meals only service is provided the charges which apply are less than two meals per week £4 per fortnight; more than two meals per week £4 per week.

- 4.6 Whilst the current charging system is much fairer than the one which it replaced in 1994, there has been a number of criticisms with the scheme, for example, because charges are based on the income of the service user, its possible that the charge which the service user pays can exceed the actual cost of the service. In addition there have been complaints that the charging structure is complex and difficult to understand.
- 4.7 The existing charging system has now been operational for a period of four years; it is therefore considered to be an opportune time to review and take appropriate action, to address some of the issues which have been identified during the period of its operation.

5 REVISED CHARGING STRUCTURE

- 5.1 The revised charging structure takes account of the principles set out in SWSG circular 1/97 which are highlighted in Appendix 1 of this report.
- 5.2 In presenting a revised charging structure, four major factors have been considered and applied:-
- ◆ the charges are reasonable and are not more than appears to be reasonably practical for the service user to pay
 - ◆ in setting charges, account has been taken of the full cost of providing the service
 - ◆ consideration has been given to the distinction between income maintenance benefits and benefits which relate to meeting an individual's care needs
 - ◆ that the service users should not be asked to pay a charge which exceeds the actual cost of the service.
- 5.3 The charging structure which is proposed would be based on a threshold figure of £100 for single service users and £120 for couples. Persons with incomes below these figures would receive a free service.
- 5.4 In considering what income will be taken into account for charging purposes, the Department will adhere to the guidance contained in SWSG 1/97 circular and all income with the exception of the Mobility Component of Disability Living Allowance and the War Pensions Mobility Supplement will be taken into account. However, it is recommended that the charge thresholds should be net of housing and mortgage costs.
- 5.5 Where an individual has an income in excess of the threshold figure the charge for the service will be determined by a percentage contribution of 25% for each pound that the income exceeds the threshold figure. For example, a single person with an income of £145 would have an excess of £45 over the threshold, the charge calculation would therefore be £45 x 25% equals a charge of £11.25 per week. Appendix 2 outlines the scale of charges which will apply on the various income bands.

- 5.6 In recognition of the fact that the greater the income a service user has, the more that the individual will pay for their service, charges will be restricted to ensure that persons in this category will not pay more than the cost of the service, Appendix 3 provides an example of such a position.
- 5.7 It is proposed that the existing singleton service charge (where a client receives less than two hours home help service or a meals only service) be abolished and replaced by the scale of charge arrangement. Those who could be expected to pay a higher charge will, where appropriate, be protected by the arrangements outlined at paragraph 5.6 above.
- 5.8 Within the revised charging structures it is recommended that charges for meals be separated out from the home care service charges and that a charge of £1.20 be set for each meal provided. This proposal takes account of income maintenance benefits and the provision which is contained in such benefits to enable the purchase of food from the benefit paid.
- 5.9 In recommending a charge threshold of £100 for single people and £120 for couples consideration has again been given to the difference between benefits paid for income maintenance and benefits paid for care needs. For example, the income support applicable amount for a single pensioner from April 1998 will be £77.55 and for a couple £117.90. By setting the thresholds at £100 and £120 respectively the charging policy avoids the position whereby a service user would require to make a contribution from benefits paid in respect of income maintenance. The charge calculation is based on excess income over these figures.
- 5.10 It should be noted that when establishing a threshold figure at which charging would commence, account has been taken of the structure of Income Support and the component parts that are paid for such as fuel, food and clothing, etc. In many instances single people have almost equivalent costs to that of a couple, yet have lower income. Recognition has been taken of this point by setting the threshold levels in relation to the Income Support applicable amount.

6 IMPLICATIONS FOR SERVICE USERS

- 6.1 Information which is available to the Social Work Department indicates that 3997 clients receive a home help service.

6.2 A breakdown of the charging arrangements show the level of charges which currently apply:

Clients receiving a free service	1537	38.45%
Clients paying between £1 and £4	504	12.61%
Clients paying between £4 and £10	59	1.48%
Clients paying between £11 and £16.50	1744	43.63%
Clients paying more than £17.00	153	3.83%

6.3 As noted in the above table, the vast majority of clients, 1744, fall into the charge band of between £11 and £16.50 per week. Of this total figure, the majority will be paying a charge of £11 per week. In the main these are retired persons who have had their incomes maximised and will have an overall income of £145.95. This figure includes Income Support and Attendance Allowance.

6.4 The uprating of Social Security benefit in April 1998 will result in single people described at 6.3 above, having their benefit increased to a level of £150.35. Under the revised charging structure, single clients would have their charge assessed as follows:

Weekly income £150.35
Income exceeds threshold by £50.35
 $£50.35 \times 25\% = £12.58$ (home help charge)

6.5 In the case of a pensioner couple who receive income support and the lower rate of attendance allowance, their benefit from April 1998 will be £152.20. Their home help charge would be assessed as:

Weekly income £152.20
Income exceeds threshold by £32.20
 $£32.20 \times 25\% = £8.05$ (home help charge)

6.6 By amending the threshold levels at which charges will apply, £110 single people to £100, and £135 to £120 couples, a small number of clients who currently receive a free service, will under the revised scheme become liable for a small charge. The maximum payment which would apply will be £2.50 for single people and £3.75 for couples.

6.7 The abolition of the singleton service charge of £4 per week, (where a client receives less than two hours home help service) could also result in persons in this category having to pay an increase in charge. However, the overall increase will be restricted to ensure that the charge does not exceed the actual cost of the service (see Appendix 3).

- 6.8 The principles of limiting the charge to a level of the actual cost of the service, i.e. £6.25 per hour, will result in savings to people who are on the higher charge bands of the existing charge arrangements, and are only receiving a limited number of hours service.
- 6.9 The proposal to introduce a separate charge for meals will have a significant impact on clients who receive a meals service. Currently the cost of meals is included in the overall charge for home care. The separation of these charges will result in individuals having to pay for the meals which they receive from 1 April 1998. The Department believes that this change in policy is not unreasonable, as benefits are structured in a manner that there are component parts to meet expenses such as food, fuel and clothing, etc. In effect persons who receive a meals service enjoy a financial advantage over those people who do not receive such a service and therefore it is not unreasonable to them to make a contribution towards the purchase of their food.
- 6.10 When the new charges are implemented there will be a small number of gainers and losers as a consequence of the new charging structure. For individuals who experience financial difficulties, the facility exists within the revised system for discretion to reduce or waive a charge. The Social Work Department will closely monitor the position and where necessary will apply appropriate action.

7 RECOMMENDATIONS

7.1 Committee is asked to approve:

- i) the new charging policy as detailed in Appendix 4 of this report.
- ii) to request the Director of Social Work to monitor the new charging arrangements and to report to Social Work Committee any difficulties which are experienced.



Jim Dickie
Director of Social Work
(18 February 1998)

For further information on this report please contact, George McNally, Principal Officer (Strategy) (TEL: 01698 332063)

Background Papers:

Scottish Office Circular SWSG 1.97
Social Work (Scotland) Act 1968

**SUMMARY OF SCOTTISH OFFICE, SOCIAL WORK SERVICES GROUP
CIRCULAR SWSG 1/97 : CHARGING FOR NON RESIDENTIAL CARE**

Setting the Level of Charges

The Legislation requires that any charges which are levied must be reasonable and should not be more than appears reasonably practicable for the service recipient to pay, taking account of his or her other financial commitments. It is for the authority to decide what is reasonable in each case. Circular SWSG 1/97 advises local authorities that no-one who has insufficient means to pay a charge should be denied a service because of their inability to contribute towards its cost.

Authorities are advised that in setting charges (whether flat rate or on a scale) they should take account of the full cost of providing the service.

When reviewing their charging policies for individual services, authorities should take account not only of the charge for individual services, but also the total impact in terms of ensuring that the financial effects of their charging policies are consistent with the Government's overall community care policy objectives. This should necessarily entail consideration of the impact of increasing their charges on both potential clients as well as those who are already contributing towards their care costs.

Discretion to reduce or waive a charge when an individual service user considers that they cannot pay the charge that has been set, is contained in Section 87 (1A) of the 1968 Act which gives the user the right to ask the authority to reduce or waive the charge. Under the legislation, before it decides to reduce or waive a charge, the authority must be satisfied that the service recipient's means are insufficient to pay the amount they would otherwise be charged. Any means test must be confined to the means of the service user.

The SWSG circular on discretionary charging indicates that Government does not expect that there should be an automatic exemption from charges for people receiving social security benefits such as Income Support, Attendance Allowance, Incapacity Benefit, Housing Benefit, Severe Disablement Allowance, etc.

Advice is given that representations from people receiving welfare benefits and those on very low incomes should however be given sympathetic consideration. It is suggested that authorities may wish to have regard to the distinction between income maintenance benefits and benefits which relate to meeting an individual's care needs.

Income that may be taken into account

When assessing the ability to pay, authorities may take into account all types of income, including income from capital and other social security benefits, except Mobility Component of Disability Living Allowance (DLA) and War Pensions Mobility Supplement. However regard should be taken not just to the service user's income, but their overall financial

circumstances. In particular, account should be taken of any extra expenditure that may be incurred because of the service user's disability or frailty.

People who refuse to pay

Where an individual has been assessed as requiring a service but the person concerned refuses to pay for it, the service should not be withheld or withdrawn where it is clear that the service is essential to the person's well-being. It is, however, open to the authority to pursue the debt while continuing to provide the service. Authorities are however, advised to consider the cost-benefit of pursuing the debt.

Information

Authorities are required to make available information about their charging policies and procedures in a style that is readily understood and accessible to users and potential users. A report on community care leaflets including 'charges for home care services' was presented to the Social Work Committee on 20 January 1998. This leaflet will be updated to reflect any new charging arrangements approved by Committee.

Users of services should be given an accurate indication in writing of the charges which they will incur as soon as practicable and preferably before they commit themselves to accepting the offer of service. They should also be given a regular financial statement about the payment they have made.

Complaints

Arrangements are required to ensure that all service users and potential users know what systems are in place to enable them to make a complaint under the community care complaint procedure. The Social Work Department has a well established complaints procedure for this purpose.

Monitoring

Authorities are advised that where charges are introduced for the first time and when changes are made to an existing system they should carefully monitor the effect on service take-up and use.

APPENDIX 2

INCOME AND CHARGE BANDS

SINGLE CLIENTS		COUPLES	
INCOME	CHARGE	INCOME	CHARGE
£100 or less	Nil	£120 or less	Nil
£101.00	£0.25	£121.00	£0.25
£102.00	£0.50	£122.00	£0.50
£103.00	£0.75	£123.00	£0.75
£104.00	£1.00	£124.00	£1.00
£105.00	£1.25	£125.00	£1.25
£110.00	£2.50	£130.00	£2.50
£115.00	£3.75	£135.00	£3.75
£120.00	£5.00	£140.00	£5.00
£125.00	£6.25	£145.00	£6.25
£130.00	£7.50	£150.00	£7.50
£135.00	£8.75	£155.00	£8.75
£140.00	£10.00	£160.00	£10.00
£145.00	£11.25	£165.00	£11.25
£150.00	£12.50	£170.00	£12.50
£155.00	£13.75	£175.00	£13.75
£160.00	£15.00	£180.00	£15.00
£165.00	£16.25	£185.00	£16.25
£170.00	£17.50	£190.00	£17.50
£175.00	£18.75	£195.00	£18.75
£180.00	£20.00	£200.00	£20.00
£185.00	£21.25		
£190.00	£22.50		
£195.00	£23.75		
£200.00	£25.00		

The above tables are only illustrated up to income levels of £200 for both single people and couples. For those with incomes in excess of these figures, the principle of 25% contribution for each pound by which the income exceeds the threshold figures of £100 single people, and £120 for couples would still apply. However, the overall charge would not exceed the actual cost of the service as detailed in Appendix 3.

EXAMPLE OF CHARGE RESTRICTION

SINGLE CLIENT

Weekly Income	£190.00
Charge Threshold	£100.00
Income exceeds Threshold by	£ 90.00
Charge £90 x 25%	£ 22.50

Home Help Service of 3 hours per week
Unit Cost of Home Help Service £6.25 per hour
3 Hours x £6.25 = £18.75

Home Help Charge restricted to £18.75.

COUPLE

Weekly Income	£250.00
Charge Threshold	£120.00
Income exceeds Threshold by	£130.00
Charge £130 x 25%	£ 32.50

Home Help Service of 2 hours per week
2 Hours x £6.25 = £12.50

Home Help Charge restricted to £12.50.

REVISED CHARGING POLICY FOR DOMICILIARY CARE SERVICES

The Revised Charging Policy is based on the following principles:

1. The level of service provided should be based on the individual's assessed need, not on the ability to pay.
2. Home Help services will be provided free to single people with incomes of £100 per week or less. For couples there will be no charge for services where they have an income of £120 per week or less.
3. Charges will apply where the client's income exceeds the charging threshold of £100 (single people) and £120 (couples). The level of charge will be a contribution of 25% for each pound that the client's income exceeds the threshold figure.
4. Clients who receive a service, the cost of which is less than the charge they are required to pay, will have their charge restricted to the actual cost of the service.
5. Clients who are provided with a meals service, will be charged the sum of £1.20 for each meal supplied. Charges for meals will apply to all clients irrespective of their income levels. The thresholds of £100 (single people) and £120 (couples) do not apply.
6. Prior to charges being levied, clients will be assisted to maximise their benefit entitlement.
7. In the calculation of a person's income, Disability Living Allowance, Mobility Component, War Pensions Mobility Supplement, Independent Living Fund Payments, Council Tax, Rent and Mortgage costs will be excluded. In determining the client's income for charging purposes, income from all other sources will be taken into account.
8. Capital of below £3000 will be ignored in the calculation of income. Capital in excess of £3000 will be deemed to produce a tariff income in line with the income support regulations, i.e. for each unit of £250 or part of a unit, the client will have notional income of £1 for each unit.
9. Where a client experiences financial hardship as a result of the charging policy they can make application to the Social Work Area Manager to have the charge waived or reduced. Before the Area Manager can take this decision, they must be satisfied that the person's means are insufficient to pay the amount they would otherwise be charged.

10. The singleton service arrangement, whereby a person who was receiving less than two hours home help service per week had their charge restricted to the sum of £4 per week, will be abolished. Clients receiving service will therefore be charged on the basis of their overall income. However, where the level of charge exceeds the actual cost of the service, the overall charge will be restricted to an amount equivalent to the cost of the service.
11. There will be no charge for the home help service where it is primarily arranged for the benefit of children.