

	<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>HEALTH, ADULT SOCIAL CARE AND SOCIAL INCLUSION POLICY &amp; ADVISORY COMMITTEE</b></p> <p align="center"><b>20<sup>th</sup> JANUARY 2015</b></p>	
<p align="center"><b>ABOLITION OF CHARGING FOR HOME CARE SERVICES</b></p>		
<p align="center"><b>Report of the Cabinet Member for Adult Social Care &amp; Health</b></p>		
<p><b>Open Report</b></p>		
<p><b>Classification</b> - For consideration and make recommendations to Cabinet as appropriate</p> <p><b>Key Decision:</b> Yes</p>		
<p><b>Wards Affected:</b> All</p>		
<p><b>Accountable Executive Director:</b> Liz Bruce - Executive Director - Adult Social Care and Health.</p>		
<p><b>Report Author:</b> Prakash Daryanani – Head of Finance</p>		<p><b>Contact Details:</b> Tel: 020 8753 2523 E-mail: prakash.daryanani@lbhf.gov.uk</p>
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**1. EXECUTIVE SUMMARY**

- 1.1. London Borough of Hammersmith and Fulham has been charging for homecare services provided to residents of the borough since 2009. Income from charging for a contribution towards the cost of home care services has made a small but significant contribution to funding adult social care.

- 1.2. In December 2014 the administration, as part of its commitment for social inclusion and improving adult social care and in line with its election manifesto pledge, signalled its intention to abolish charges for home care services.
- 1.3. This report details the recommendation to cease charging for homecare services and the customer, financial and staffing implications of the decision.

## **2. RECOMMENDATIONS**

- 2.1. That the PAC considers the report and makes the following recommendations to Cabinet.
  - 2.1.1. To abolish charging for home care services provided to customers of the Borough on 31<sup>st</sup> March 2015.
  - 2.1.2. For services delivered up to 31<sup>st</sup> March 2015, charges will still apply. It is recommended that these charges be pursued for a period of 3 months ending 30 June 2015.
  - 2.1.3. To write-off total estimated outstanding home care debt of £133,000 as at 1<sup>st</sup> July 2015 and delegate authority to write-off the debts to the Executive Director of Finance and Corporate Governance and Deputy Executive Director and Director of Finance and Resources, Adult Social Care and Health.
  - 2.1.4. To request additional provision for bad debt of £91,000 from the Corporate Finance from the bad debt provision account.

## **3. REASONS FOR DECISION**

- 3.1. As part of its commitment for social inclusion and improving adult social care and in line with its election manifesto pledge, the administration signalled its intention to abolish charges for home care services.

## **4. INTRODUCTION AND BACKGROUND**

- 4.1. Hammersmith & Fulham Council provides a range of domiciliary services (home care, day care and transport services) to its customers who qualify for the service. The Council has been charging a contribution towards the cost of providing home care services only based on its Charging Scheme since January 2009.
- 4.2. Charges for home care services have been a flat rate of £12.00 per hour since April 2012. The minimum charge unit is 15 minutes or £3.00 per quarter of an hour. Charges for home care services are based on actual hours of services provided.

- 4.3. In 2014/15 the Council has budgeted to collect £441,000 from contributions made by customers towards the cost of homecare provided under the current Charging Policy. Charges are based on income only, including disability related income with assets and savings not considered in the financial assessment.
- 4.4. In November 2014 there were 1266 customers receiving homecare services in Hammersmith & Fulham of which 313 (25%) were contributing towards the cost of care while the remaining 935 (75%) were exempt from charging under the scheme of the Council.

## **5. CARE ACT 2014**

- 5.1. The Care Act will come in to effect from 1<sup>st</sup> April 2015. It retains the existing discretionary power that local authorities have to decide whether to charge or not for adult social care services.
- 5.2. The above proposals to abolish charges for home care services is line with the discretionary powers provided to local authorities within the Care Act.
- 5.3. The proposal to cease charging for home care services delivered from 1<sup>st</sup> April 2015 is in line with the powers in the Care Act.
- 5.4. The Care Act coupled with the decision to abolish charges for home care services may draw more customer who could have funded their care otherwise to request for care funded by the Council. It is difficult to quantify this impact on the finances of Adult Social Care.

## **6. OPTIONS AND ANALYSIS OF OPTIONS**

- 6.1. In the Summer of 2014 Officers submitted an briefing paper to the Cabinet Members for Adult Social Care and Social Inclusion outlining the current position, options for charging and the implication of abolishing of charging for home care charges.
- 6.2. The option paper included :
- keep the current charging policy,
  - review of the current charging policy to extend the Scheme to other, elements of domiciliary services and consider capital assets as part of the financial assessment, and
  - abolish charging for home care services
- 6.3. In December 2014 the Council, signalled its intention to abolish charging for home care services.

## 7. CONSULTATION

- 7.1. The proposed method of consultation would be through the production of the a Cabinet Report to be presented to Budget Council on 26<sup>th</sup> February 2015.

## 8. EQUALITY IMPLICATIONS

- 8.1 The Council has a discretionary power to charge for social care services provided to residents who live in the community. The power to do so is contained in Section17 Health and Social Services and Social Security Adjustments Act 1983 ("HASSASSAA 83").
- 8.2 The Council provides a range of domiciliary services (home care, day care and transport services) to residents eligible for its services. However, under the current policy charges a contribution for only homecare services.
- 8.3 The Home Care Charging Policy of the Council is based on the Fairer Charging Guidance for Home Care and Non-Residential Services 2003. The Fairer Charging Guidance ensures that service users are charged only an amount they can afford to pay and in many cases this will result in no charge.
- 8.4 The Charging Policy of the Council takes in to account all customer's income, including disability related income but no assets or savings compared to all inner London schemes taking savings in to account.
- 8.5 Under the Charging Policy home care users in Hammersmith and Fulham are also allowed to keep up to 100% of their disability related income through a full assessment of disability expenditure.
- 8.6 The table below shows a distribution of the weekly assessed contributions of homecare customers as at November 2014. There were 1266 customers receiving homecare services of which 953 (75%) are exempt from charging by virtue of receiving a weekly income less than or equal to the minimum weekly allowance allowed under Fairer Charging Guidance.

### **Summary of weekly assessed contribution of home care Customers at November 2014**

Weekly Assessed Contributions	Customer Numbers	Proportion of customers
£0.00	953	75%
£3.00 - £12.00	52	4%
£12.01 - £24.00	89	7%
£24.01 - £36.00	52	4%

£36.01 - £48.00	60	5%
£48.01 - £60.00	22	2%
£60.01 - £96.00	18	1%
£96.01 - £280.00	20	2%
	<b>1266</b>	<b>100%</b>

8.7 As detailed in the table above 80% of contributions are paid by customers assessed to pay for 4 or less hours of care per week while the average size of home care package is 9 hours per week.

8.8 Abolition of charging for home care services is expected to have a positive impact on home care users who currently pay a contribution as it improves their financial position and wellbeing.

8.9 Following the decision a small number of home care users who refused the services due to charging are anticipated to return back for assessment of services, which is also expected to improve the independence and wellbeing of those affected.

## **9. LEGAL IMPLICATIONS**

9.1. The Council has statutory power but not an obligation to charge for home care services. As with all statutory discretions it must be exercised reasonably and after consideration of all relevant matters.

## **10. FINANCIAL AND RESOURCE IMPLICATIONS**

### **Budget Implication**

10.1. The financial impact of ceasing charges will consist of two elements, an income impact which is quantifiable and the expenditure impact which is difficult to predict.

10.2. The decision to abolish charges for home care and will result in annual loss of income of £441,000. There would be cost savings from the administration of home care charging of (£117,000) leaving a net budget shortfall of £324,000. This shortfall accounted for in 2015/16 MTFS proposals and funded from efficiency savings elsewhere in the Council's budget.

10.3. The financial risk of increase in demand for services is more difficult to quantify. Based on past experience when the Council abolished home care charging in February 2006 there wasn't a significant increase in demand. Any increase in demand will be identified at an early stage so that options for dealing with the budget implications can be developed.

## One-off Costs

- 10.4. There are anticipated one-off costs for the write-off of estimated residual home care debt of £132,000 and potential redundancy costs for 3 full time equivalents. While the Department will minimise any redundancy costs, any such costs will be met from Corporate redundancy provision.

## Home Care debt

- 10.5. Total home care debt as at 31<sup>st</sup> November 2014 is £72,814 provided by a bad debt provision of £41,972.

### Summary of home care debt – 31/11/2014

DEBT STATUS	VALUE(£)	COMMENT
Age debt over 24 months	£50,580	
Age debt over 12 months	£8,757	
Closed packages	£13,477	
	<b>£72,814</b>	

- 10.6. As charges will continue to 31<sup>st</sup> March 2015, total charges of £140,000 (4 x £35,000 per month) will be raised to 31<sup>st</sup> March 2015 of which 35% is anticipated to be collected. Total debt as at 31<sup>st</sup> March 2015 is estimated to increase to £133,000. Therefore, there will be a requirement for additional bad debt provision of £91,000
- 10.7. Charges raised up to 31<sup>st</sup> March 2015 will be pursued and collected retrospectively in the usual way up to 30<sup>th</sup> June 2015.
- 10.8. However, as it is anticipated that only a small proportion of the current and historical charges will be collected and request Corporate Finance to provide the provision required for the remaining bad debt.
- 10.9. The outstanding debt remaining as at 1<sup>st</sup> July 2015 will be presented to Executive Director of Finance and Corporate Governance and Deputy Executive Director and Director of Finance and Resources, Adult Social Care and Health to be written-off.

## STAFFING IMPLICATIONS

- 10.10. There are currently 7 established posts within the Financial Assessment & Charging Team in Hammersmith and Fulham all filled by permanent members of staff.

- 10.11. Financial assessment, billing and collection of client contributions towards the cost of providing both home and residential/nursing care is carried out by 5 officers of the team. The team is line managed by one officer.
- 10.12. Welfare Benefit Advice is offered to all adult social care customers to maximise their income as part of the current home care charging policy. This function is carried out by one officer of the team.
- 10.13. There is an ongoing review aimed at establishing a shared services Financial Assessment and Charging Team, running parallel to the abolition of home care charging with a timescale of implementation from 1<sup>st</sup> April 2015.
- 10.14. The future provision and scope of the Welfare Benefit Advice offered to home care users of the borough is part of the above review.
- 10.15. The full staffing and possible redundancy implications will be detailed in the shared services Financial Assessment & Charging Review report.

## **11. RISK MANAGEMENT**

- 11.1. The financial risk of increase in demand following abolition of home care charging is difficult to qualify. However, from past experience there wasn't a significant increase in demand for the service following abolition and three quarter of current customers do not pay a contribution towards the cost of care.
- 11.2. Demand for services is monitored closely each month as part of the Council's revenue monitoring process and any budgetary implications highlighted at an early stage.

## **12. EXECUTIVE DIRECTOR OF FINANCE & CORPORATE GOVERNANCE COMMENTS**

- 12.1 The Director of Finance & Corporate Governance has contributed towards the financial and resource implications of the intention to abolish home care charging and the governance arrangement of the decision.

### **LOCAL GOVERNMENT ACT 2000** **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/Section</b>
	Homecare Charging Papers	Prakash Daryanani	ASC - Finance