

Title of meeting: Cabinet Member for Health, Wellbeing & Social Care

Date of meeting: 25 September 2018

Subject: Arrangement Fees for Self-Funding Clients

Report from: Innes Richens, Chief of Health & Social Care Portsmouth

Report by: Richard Webb, Finance Manager

Wards affected: All Wards

Key decision: No

Full Council decision: No

1. Purpose of report

1.1 The purpose of this report is to seek approval to introduce 'arrangement fees' from 7th January 2019 for self-funding clients who request that the City Council arranges and manages their non-residential care and support.

2. Recommendations

2.1 It is recommended that the Cabinet Member:

- a. Agrees to introduce arrangement fees from 7th January 2019, for self-funding clients who request that the City Council arranges and manages their non-residential care and support needs.
- b. Notes the proposed community support and engagement process as explained in section 5 of this report.
- c. Agrees to set the fees (including VAT) from the 7th January 2019 as follows:

Initial set-up arrangement fee	£45.00 one-off
On-going support arrangement fee	£12.00 weekly

3. Background

3.1. The regulatory framework governing the charging arrangements for adult social care, are set out within the Care Act 2014 and the related Care

and Support (Charging and Assessment of Resources) Regulations 2014, together with the 'Care and Support Statutory Guidance'.

- 3.2. Section 14 of the Care Act gives local authorities the power to charge a fee for putting arrangements in place for meeting those needs, where certain conditions are met, specifically where the local authority is satisfied on the basis of a financial assessment that the adults financial resources are above the financial limit (i.e. the adult is required to fully fund their care) and the adult nonetheless asks the authority to meet their needs.
- 3.3. Section 5 of 'The Care and Support (Charging and Assessment of Resources) Regulations 2014' states that where a local authority charges a fee for putting in place arrangements in these circumstances, then any fee may only cover the cost that the authority incurs in putting in place the arrangements for meeting those needs. This is further clarified within the statutory guidance: '*Arrangement fees charged by local authorities must cover only the costs that the local authorities actually incur in arranging care. Arrangement fees should take account of the cost of negotiating and/or managing the contract with a provider and cover any administration costs incurred.*'
- 3.4. Local Authorities are not permitted to charge arrangement fees for adults with financial resources above the financial limit who require a care home placement. The statutory guidance explains that '*this is because it [the local authority] would support that person under its power (rather than its duty) to meet needs, and the ability to charge the arrangement fee applies only to circumstances when the authority is required to meet need.*'
- 3.5. Additionally, Local Authorities must not charge for a financial assessment, a needs assessment or the preparation of a care and support plan.

4. Proposal

- 4.1. Currently (June 2018) Portsmouth City Council arranges and commissions care for 274 self-funding clients free of charge.
- 4.2. A client will be assessed to have financial resources above the upper financial threshold (i.e. be self-funding) where they have savings or investments over the current national threshold of £23,250 (not including the value of their home).
- 4.3. If a client has less than £23,250 in savings and investments, then the amounts they will have to contribute towards their care will be based on their weekly income and any capital they may have. In some circumstances a client will be assessed as requiring to fund the full cost of their care.

4.4. If a client does not want to provide the information required to complete a financial assessment, they will be deemed to have financial resources above the upper financial threshold and therefore self-funding.

4.5. It is proposed that from the 7th January 2019 the Council will introduce arrangement fees for non-residential care and support needs, where:

- an individual is assessed to have financial resources above upper financial threshold and is required to fully fund their care; and
- requests the Council to arrange to meet their care and support needs

4.6. As highlighted above, the Regulations require that the arrangement fee may only cover the cost that the authority incurs in putting in place the arrangements for meeting those needs. These costs will include staffing and overhead costs across various fields such as commissioning and contract management, administration and finance, etc.

4.7. It is proposed that the arrangement fees will be structured as follows:

- An initial arrangement fee will be charged, which will contribute towards the cost of:
 - i. Identifying appropriate providers of care and support
 - ii. Negotiating rates and times for care to be delivered and putting agreements in place
 - iii. Setting up payment methods (e.g. Direct Debit) for clients to pay their costs
- An on-going weekly administration fee will be charged where the individual requests the council to buy services for them and then reclaim the cost from them. The fee will contribute towards:
 - i. Paying the care and support providers for the client care costs
 - ii. Dealing with queries relating to their services
 - iii. Monitoring the service, to ensure providers are providing the agreed quality and level of support
 - iv. Invoicing and collecting the money from clients in respect of their care costs

4.8. Following an analysis of the costs incurred in providing these services, the proposed fees from the 7th January 2019 are shown in the table below:

	£ (excl: VAT)	£ (incl: VAT)
Initial set-up arrangement fee <i>(one-off)</i>	£37.50	£45.00
On-going support arrangement fee <i>(weekly)</i>	£10.00	£12.00

Note: the initial set-up fee will apply only to new clients on or after the 1st January 2019.

4.9. The table below summarises the weekly cost of the packages of care arranged and managed by the City Council on behalf of the self-funding clients. The table shows that 9% of the clients have weekly packages of care below £25 per week. As part of the community engagement process outlined below, support will be given to clients to consider whether they would wish to commission their care directly in future.

Package Cost	No of clients	%
> £401	18	7%
£301 <> £400	3	1%
£201 <> £300	34	12%
£150 <> £200	29	11%
£100 <> £150	60	22%
£51 <> £100	78	28%
£26 <> £50	28	10%
£0 <> £25	24	9%
	274	100%

4.10. For comparison purposes, we have contacted Local Authorities within the 'National Association of Financial Assessment Officers' (NAFAO) (in excess of 100 authorities), as well as reviewing authority websites for information on the level of fees charged. The table below shows examples of the fees charged by authorities for these services, based on the information obtained.

Local Authority	Initial set-up fee £	Annual fee £	Ongoing fees (per week) £	Total annual and set-up fees £
Bracknell Forest	300.00		3.85	500.20
Brighton	270.00	83.00	-	353.00
City of York ¹	500.00		-	500.00
East Riding	-	200.00	-	200.00
Hampshire	296.00		6.00	608.00
Huddersfield	-	250.00	-	250.00
Isle of Wight	-	-	10.00	520.00
Solihull	228.25	-	4.41	457.57
West Sussex	166.76	-	5.35	444.96

Notes: ¹ York is an annual fee (including £450.20 set-up and £49.80 administration fees)

5. **Community Engagement**

- 5.1 It is proposed that following approval by the Cabinet Member of the recommendations contained within this report, that a letter is sent to all self-funding clients and/or their representatives clearly explaining the proposed changes, why the decision has been made and what the financial impact is for the service user. The letter will be sent well in advance of the implementation date, in order to ensure that the clients have time to make an informed choice regarding their future care arrangements.
- 5.2 A visit will be offered to all self-funding clients for a welfare benefit check to ensure they are in receipt of all the welfare benefits that they may be entitled to; specifically Attendance Allowance and Personal Independence Payment. These benefits are non-mean's tested and therefore may offer an additional income stream to minimise impact of the charging policy change. Where required a member of the Financial Assessments and Benefits (FAB) team will assist with any applications for Benefits, the team are accredited by the Department for Work and Pensions (DWP) to complete and verify evidence for any welfare benefit.
- 5.3 A dedicated FAB Officer will be assigned to ensure visiting capacity for those self-funding clients that request one. It is estimated that 3 visits per day can be completed by a FAB officer; further resource can be identified should there be demand. The service is confident this resource can be managed within current staffing resource and budget and completed in advance of the 7th January 2019 implementation.
- 5.4 Responses from the engagement exercise will be captured using available reporting; this is to ensure any clients that withdraw from care arranged and managed by the City Council can be contacted by Adult Social Care to assess any potential risk to their wellbeing.

6. **Reasons for recommendations**

- 6.1 The changes proposed, seek to introduce 'arrangement fees' from 7th January 2019 for self-funding clients who request that the City Council arranges and manages their non-residential care. This proposal is in line with the Council's powers set out in section 14(1)(b) of the Care Act 2014 and regulation 5 of the Care and Support (Charging and Assessment of Resources) Regulations 2014.

7. **Equality impact assessment (EIA)**

- 7.1 A Preliminary Equality Impact Assessment has been carried out (Appendix 1). From this it has been determined that a full EIA is not required as the recommendations do not have a potential negative

impact on any of the protected characteristics as described in the Equality Act 2010. The main points that were highlighted from the preliminary EIA were that :

- The recommended charges have been driven by the following key principles:
 - To generate additional income without significant adverse impact on the assessed outcomes of those vulnerable clients who will be asked to pay.
 - To ensure that all of the additional income generated by these proposals will be used to sustain Adult Social Care services to vulnerable people, avoiding further service reductions.
- All self-funding clients affected by this change will be contacted by a member of the Financial Assessments and Benefits (FAB) team detailing the charges and rationale surrounding the decision making. All self-funders will be offered a visit to ensure all welfare benefits are in payment which may help mitigate the financial impact of introducing arrangement fees. Where appropriate the FAB team will involve the clients' representative during the engagement process.
- Additionally, responses from the engagement exercise will be captured using available reporting; this is to ensure that any clients that withdraw from care arranged and managed by the City Council can be contacted by Adult Social Care to assess any potential risk to their wellbeing.

8. Legal comments

8.1 The proposals in the recommendations are consistent with the Council's statutory powers in relation to charging for arranging care in the circumstances set out in the report.

8.2 As indicated, those powers are set out in section 14(1)(b) of the Care Act 2014 and regulation 5 of the Care and Support (Charging and Assessment of Resources) Regulations 2014.

9. Finance comments

9.1 As highlighted above, the proposed arrangement fee for self-funding clients would be implemented at a level that would not exceed the cost of putting in place the care arrangements.

9.2 The income expected to be generated from the proposed ongoing 'arrangement fee' would amount to c.£142,000 annually, if all current self-funding clients continued to request that the City Council arranged and managed their care needs.

9.3 In accordance with the financial rules, this new charge has been agreed with both the s.151 officer and City Solicitor as being intra vires.

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Signed by:

Appendices:

1 - Preliminary Equality Impact Assessment

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
The Care Act	www.legislation.gov.uk
The Care and Support (Charging and Assessment of Resources) Regulations 2014	www.legislation.gov.uk
Care & Support Statutory Guidance	https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance#charging-and-financial-assessment

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: