SOUTHAMPTON
CITY COUNCIL

Changes to the Adult Social Care Charging Policy for April 2024

List of changes

1. Improvements to the process for managing disability-related expenses. (This does not apply to those paying the full cost of their care, or people in long-term residential care).

2. Changes to the way we charge for care which is cancelled. In many cases charges will stop. Where charges do not stop, we will explain why.

3. Explaining how charges get going when care starts. If there is a delay in obtaining a person's financial data, we will explain how long we wait before we start charging the full cost.

4. Changing the method for calculating the cost of non-residential care, from an average rate to the actual cost. (Actual costs are already used for residential care charges).

5. Introducing charges for transport.

6. Increasing the administration charges for processing deferred payment loans. (This affects a very small number of people).

7. Changing the "Minimum Income Guarantee" rate used for new customers aged between 60 and state pension age. This brings us back into line with government guidance.

8. Improvements to the general structure and accessibility of the Adult Social Care Charging Policy document. This includes:

    - simpler wording
    - changing the order of information in the document so that it reflects the order of events for a new customer
    - including more diagrams and examples
    - including a glossary to explain terms which people might not know
    - collecting all the rates and fees we use into one Rates Document
    - explaining how these rates and fees are updated each year

Change 1: Overhauling the process for disability-related expenses

The process for assessing how much a person can afford to pay toward the cost of their care is:

a) work out the person's income (the Care Act statutory guidance tells us which types of income are included and which are ignored).

b) subtract an amount that represents what the person needs to live on. This includes some living expenses as well as the "Minimum Income Guarantee" which is set by the government annually. It varies by age, circumstances and level of need.

c) the balance is "net disposable income" which we are entitled to ask the person to pay towards the cost of their care.

If a person receives non-residential care, and is in receipt of a disability benefit, they are entitled to ask the council to take into account any extra day-to-day living expenses they incur due to their disability. These are called disability related expenses. Once approved, they reduce the amount a person is charged towards the cost of their care.

We are changing the process for dealing with disability related expense applications, in a number of ways:

a) The disability related expenses will be assessed as part of the financial assessment. (Previously, they were dealt with after the financial assessment was completed). This means that people's charges will take account of disability related expenses from the outset. The online financial assessment has been amended to allow disability related expenses to be recorded alongside other financial data (although the indicative charges provided by the online financial assessment will be subject to a review of the disability related expenses being claimed). Appeals against disability related expense decisions will follow the same process as appeals against financial assessment outcomes.

b) The policy and the rates document explain more about the reasonable checks we will apply to disability related expense applications. This is done in the interests of transparency and to reduce the number of unrealistic requests we receive.

c) The list of expenses considered in the policy has been shortened to remove those which are rarely used. However, there is always an "other" option for individual cases.

d) The list of expenses in the policy has been enhanced to show which costs we typically accept, which costs are excluded and what evidence we need.

e) We will use standard rates for disability related expenses where possible. This ensures consistency and speeds up the decision-making process. To establish typical expenses for heating, food, laundry etc, we will use external sources including:
   - the Office for National Statistics
   - NAFAO (the National Association of Financial Assessment Officers). Annually updated NAFAO guidance is used by many councils to set the standard for disability related expense rates. This helps us to assess how much of a person's expenses are

above the typical level. NAFAO also recommend standard rates, for example the cost of purchasing and maintaining different types of specialist equipment.

f) The policy explains on what basis the rates will change annually.

Change 2: Changing the way we charge for care which is cancelled

We only charge for cancelled care if we incur costs. Recent changes in our provider terms and conditions allow us to simplify the way this is explained in the policy, and provide clearer examples of when someone is likely to be charged. Key points are:

a) We will not charge for care which is cancelled because people are unexpectedly admitted to hospital, if the care is:
   - home care
   - day care
   - supported living
   - miscellaneous services (for example, transport)

   This is a change from the previous policy when people could be charged for up to 7 days.

b) People who cancel their home care, day care or miscellaneous services for reasons other than an unexpected hospital stay, without giving 24 hours' notice to the provider, may still be charged for one day. This will only apply if we have to pay for the cost of staff who could not be re-allocated.

c) People who are away from care settings which the council continues to pay for during their absence, will still be charged for their care. This is usually because we need to keep their facilities open, for example placements in care homes, residential educational placements and Shared Lives.

Change 3: Clarifying the timing of charges when care first starts

In cases where council-arranged care is required, we aim to get the care in place as soon as possible. However, the financial assessment (which works out how much the person can afford to pay for their care) can take longer. It may be a few weeks after care starts, before we establish how much the person will be charged.

For residential care, we can charge a temporary, minimum amount while the financial assessment is taking place. However, this is not possible for non-residential care.

The main reason for delays in the financial assessment process is the time it takes for people to provide the data we need. We are improving the support provided to help people understand what is needed and engage with the process. However, if no data is provided, we eventually have to start charging the full cost of the care.

We are changing the policy to make it simpler and clearer how this works. The key points are:

a) If the financial assessment data is provided within 8 weeks of the council requesting it, we will complete the financial assessment and issue charges dating back to the start date of the care.

b) If 8 weeks have passed since the financial assessment data was requested, and we have not received the data or heard from the person explaining the delay, we will issue charges at the full cost of the care, dating back to the start date of the care. (Previously we only started charging from a maximum of 8 weeks before the financial assessment data was requested).

c) After we start charging at full cost, if the person sends in their financial data and the financial assessment shows that the person can only afford to pay a contribution to the full cost, we will adjust the charges already issued, back to the start of care, to reflect the new contribution amount. (This ensures that we do not leave any full-cost charges in place once we have established that the person cannot afford to pay them).

Change 4: Changing the method for calculating the cost of non-residential care, from an average rate to the actual cost.

We are changing the way we define the cost of non-residential care. Currently, in any given week, the cost of care is calculated as the actual amount of care delivered, multiplied by an average rate.

From April 2024 we will use the actual cost, which is the amount we pay the provider (excluding any VAT). This will generally be higher than the previous average rate.

The aim of this change is to remove an anomaly, where non-residential customers who can afford to pay the full cost of their care, are having some of their care costs paid for by the council. This frees up funds which can be spent on providing care for people who cannot afford to pay the full cost of their care.

Change 5: Introducing charges for transport.

Up to now, any transport services listed on people’s support plans which have been arranged by the council, have been provided free of charge. We will now charge for transport. This will bring us into line with most other councils, where charging for transport is the norm. The most common use of transport is to take people to and from day care.

By asking people <u>who can afford it</u>, to pay for their transport, we will have more funds for other care to be provided to people who cannot afford to pay for it. People paying a maximum assessed contribution towards the cost of their care will not be affected.

It should be noted that up to now we have been one of a very small number of councils who do not charge for transport.

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Change 6: Increasing the administration charges for processing deferred payment loans

Deferred payment loans are an option for people who need to move into a care home permanently, and have assets over £23,250 which are all tied up in a property which they do not want to sell. They can apply for a deferred payment loan, and if approved, they will need to complete a deferred payment agreement. The council will pay for their care, having obtained a “first legal charge” on the property so that the council can recover the loan amount when the property is eventually sold.

Interest is charged at a small rate set by the government, and the Care Act 2014 permits the council to charge the customer for the administration costs of operating the loan.

We are increasing the existing setup fee, introducing an annual fee and adding other fees which will apply only when specific circumstances arise. In all cases these fees are simply covering our costs, and in all cases, they can be added to the loan if required.

We have taken note of other councils’ fees to ensure that our proposed fees are within a normal range and not excessive.

Specific changes being proposed are:

- The one-off setup fee of £730 is increased to £990. (This reflects a more systematic analysis of the workload and increases in staff hourly rates since 2019).
- An extra fee of £50 will be added if a discretionary meeting is required to discuss an applicant who does not meet the mandatory criteria (for example, if they already have a charge on the property).
- A new annual administration fee of £200, to cover the cost of regular maintenance work including producing statements.
- An extra fee of £200 for re-valuing the property when the loan amount reaches 80% of the original equity.
- Other variable legal fees charged as incurred, in rare cases.
- All fixed fees will be listed in the rates document which accompanies the charging policy, and increased annually in line with latest costs.
- Final invoice (after sale of the property) will attract interest of 4% over the base rate if not paid within 6 months of being issued.

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Change 7: Changing the rate used for the "Minimum Income Guarantee" for new customers aged between 60 and state pension age.

When the financial assessment is carried out to assess how much someone can afford to pay for their non-residential care, a key element is the Minimum Income Guarantee. This is the amount of a person's weekly income, which they need to keep for day-to-day living costs. It is set annually by the government, and takes into account the person's age and level of disability (based on the kind of benefits they are claiming).

The most generous Minimum Income Guarantee rate is reserved for people of state pension age and over. However, for many years the council has been using this rate for people aged 60 or over.

From April 24, any new customers, and any existing customers aged 59 and under, will not be allocated the highest Minimum Income Guarantee rate until they reach state pension age, which will be at the age of 66 or 67. Instead they will be allocated the lower rate for people aged 25+.

Change 8: Improvements to the general structure and accessibility of the ASC Charging Policy document

The charging policy is based on the Care Act 2014 regulations and statutory guidance, which means it can be challenging to read and understand.

The Council has changed the document to make it more accessible, by:

a) simplifying the wording

b) changing the order of information in the document so that it reflects the order of events for a new customer

c) including more diagrams and examples

d) including a glossary to explain terms which some people might not know

e) collecting all the rates and fees we use into one Rates Document

f) explaining how these rates and fees are updated each year