

**Decision Maker:** Executive

**Date:** 8<sup>th</sup> December 2010

**Decision Type:** Non-Urgent Non-Executive Non-Key

**Title:** PERSONAL BUDGETS AND CONTRIBUTIONS

**Contact Officer:** Lesley Moore, Executive Assistant  
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**Chief Officer:** Terry Rich, Director of Adult & Community Services

**Ward:** BOROUGHWIDE

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1. Reason for report

To outline the proposed Personal Budget and personal contributions policy for Adult Social Care and to approve consultation on changes to fees and charges for Adult Social Care services from 2011 onwards.

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2. **RECOMMENDATIONS**

1. That consultation with service users, their families and carers and with stakeholders on a revised Personal Budget and Contributions policy be approved
2. That the variations listed in the appendix in charges for adult care services and personal contributions rates towards Personal Budgets be approved for consultation.
3. That consultation includes the introduction of a charge for day care which would be included within the personal budget for eligible service users and levied directly of the attendee for non eligible users.
4. That consultation includes the introduction of full cost recovery from the non-eligible recipient of social care/support services and that such charges are collected by the service provider.
5. That consultation on future contributions rates includes the replacement of the current variable level of Disability Related Expenditure disregard with standard rates set between £5 and £15 per week.
6. That the results of the consultation be considered by the Adult & Community Portfolio Holder and AC PDS prior to the introduction of a revised Personal Budget and contributions policy by April 2011.

### Corporate Policy

1. Policy Status: N/A.
  2. BBB Priority: Supporting Independence.
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### Financial

1. Cost of proposal: N/A
  2. Ongoing costs: N/A.
  3. Budget head/performance centre: Care Services
  4. Total current budget for this head: £(total budget for non-residential care charges)
  5. Source of funding: N/A
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### Staff

1. Number of staff (current and additional):
  2. If from existing staff resources, number of staff hours:
- 

### Legal

1. Legal Requirement: Statutory requirement.
  2. Call-in: Call-in is applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 2000?
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments:

### **3. COMMENTARY**

- 3.1 Social Care services are provided to vulnerable adults within the community who meet the Council's eligibility criteria and following an assessment of need. Traditionally following that assessment the Council arranged for services to be provided – often through the provision of a home care service – either directly delivered or from a contracted provider.
- 3.2 In addition some services have been provided free of charge to social care service users whether or not they formally meet the Council's eligibility criteria. Such services include a place at a day centre, or domestic support or help with shopping provided via a voluntary sector organisations.
- 3.3 Recent developments in adult social care means that in future people will have a personal/individual budget to support their care needs, some of which can be taken as a Direct Payment.

#### **Personal Budgets**

- 3.4 A personal budget is an upfront allocation of social care resources to a person who is eligible for support. Following an assessment of their need for non-residential social services (“needs assessment”), a person who the council consider eligible for support will be allocated an amount of money necessary to meet their needs. A Personal Budget is, in effect, the monetary value of the care purchased by ACS from its contractors to meet the assessed eligible care needs of an individual.
- 3.5 Whereas in the past an older person assessed as having critical or substantial personal care needs would be assessed as requiring perhaps 3 home care visits a day, a Care Link alarm service and two afternoon sessions at a day centre, today the equivalent cost of delivering that package of care or services would be allocated as a Personal Budget.
- 3.6 Whilst all care packages or support plans will have a monetary value – i.e. will be described as a Personal Budget, not everyone will want to assume full responsibility for managing that budget directly. A service user may elect to ask the Council to continue to manage their care arrangements much as has traditionally happened, or may elect to take full control and take their Personal Budget as a direct payment. Some may chose a combination of the two.

#### **3.7 Options for Service Users**

##### Managed Services

- 3.7.1 Many people will elect to have the Council arrange the service in the same way as previously with the user receiving services in lieu of their personal budget. In such circumstances a care manager will design a support plan with the service user and purchase a range of services from contractors to meet the service user's needs.
- 3.7.2 The service user's income will be assessed in accordance with the Fairer Charging criteria and a charge or contribution levied from the service user to offset a proportion of the costs of the care package.

##### Direct Payment

- 3.7.3 However it is anticipated that increasingly people will elect to exercise more choice and control, opting to make their own care arrangements by purchasing care themselves using their personal budget which they receive as a Direct Payment.

- 3.7.4 In such circumstances the service user will receive their Direct Payment into a bespoke bank account, in many instances utilising a pre-loaded Payment card. This will be used by the service user to purchase services to meet their assessed need. The Direct Payment will be paid net of the assessed charge or contribution due from the service user following an assessment of their income in accordance with the Fairer Charging criteria.

#### Part Managed/Part Direct Payment

- 3.7.5 It will also be possible to mix managed services for part of the Personal Budget with a Direct Payment for others.
- 3.7.6 An example of this may be that same person deciding to take their personal care hours as a Direct Payment and to arrange a Personal Assistant to provide that care, whilst opting to receive the day care and alarm service as part of a managed service – i.e. continuing to receive the services from the Council or from a council funded provider in a traditional manner.
- 3.7.7 In such instances a single financial assessment is undertaken and the Direct Payment element will be paid net of the charge or contribution due.

### **3.8 How a Personal Budget is calculated**

- 3.8.1 The Personal Budget entitlement is calculated following an assessment of needs. A potential service user must qualify for Council funded support because they fall within the Council's eligibility criteria – i.e. they have been assessed as having critical and/or substantial personal social care need.
- 3.8.2 That assessment which is undertaken by a professional member of ACS staff together with the service user (and their carer/family) will determine the amount of care inputs that will be required to meet those care needs. The value of those care inputs (e.g. domiciliary care visits, day centre placements, "telecare" equipment) will form the basis of the personal budget.
- 3.8.3 It is proposed that the calculation of a Personal Budget will be based on a number of factors:
- The number of standard episodes of personal care required to meet personal care needs (based on an episode being a half hour from an approved/contracted care provider)
  - The number of non-standard episodes of personal care required to meet personal care needs (where due to more complex care requirements an hour of care is required rather than a half hour)
  - The number of episodes of care where two carers are required to safely deliver care (e.g. where a service user is confined to a bed and can only be moved with two care workers)
  - A supplement to cover the additional costs where episodes of care are required at high cost times (evening/weekends/bank holidays)
  - The actual cost of a commissioned "supported living service"
  - The number of day care sessions required to meet assessed needs at one of a range of standard rates.
  - The number of episodes of non-residential respite care required at a range of standard rates.
  - The actual cost of other standard services required to meet assessed – e.g. Community Alarms.

- The cost of any additional bespoke services required as alternatives or to supplement those listed above.

3.8.4 These measures will simplify care planning so that service users and carers will be able to see the connection between the social care needs and the service purchased to meet them. Increased transparency will support choice and control by the user, lead to better information and advice to prospective users and promote consistency and equity.

3.8.5 However in circumstances where a service user elects to exercise choice and control and to purchase alternative service models that result in lower costs, the Personal Budget will be calculated to reflect the actual costs of providing that care. The increasingly common example of this is where a Personal Assistant is employed rather than contractor care hours. In these circumstances the Personal Budget requirement will be reduced significantly.

3.8.6 Appendix 2 provides a number of examples of what will be given to service users in their personal budget.

### **3.9 Subsidised services**

3.9.1 Until now service users, including those who do not meet the criteria for substantial or critical need, have been able to access laundry services partly subsidised by the Council and shopping services and holiday breaks wholly subsidised by the Council. It is proposed that these subsidies be removed and that service users will be signposted to providers who will recover the full cost of the service from the user. The current subsidy for laundry services is £3.95 and £5.40 for shopping. A similar approach is proposed for users of day services who do not meet the Council's eligibility criteria for supported social care. This is set out in paragraphs 4.4.5 – 4.4.6 below.

## **4. CURRENT CHARGING POLICY**

4.1 In 2003, the Government issued guidance for setting charges for non-residential social care services. That guidance sought to ensure that people who use services are treated fairly and are not asked to make a contribution towards their care that will leave them in financial difficulty or hardship.

4.2 A number of principles were established by that guidance including:-

- *Service users must be left with enough disposable income to allow them a 'reasonable' standard of living allowance, no less than 25% above the basic level of income support (£65.45 per week) or equivalent. This means that service users must be left with £81.81 per week after any charges have been levied.*
- *Charges for individual services that make up a package of care need to be considered together and not in isolation.*
- *Flat rate charges for some single services are acceptable but only where the charge is 'small' and the service is considered as a substitute for ordinary living costs (e.g. home meals services or transport) rather than a care service.*

4.3 The Governments 'Putting People First' programme for the Transformation of Adult Social Care requires changes to our existing Charging policy because in the future, people receiving adult social care will have a personal/individual budget to support their needs.

## Assessing a service user's charge or contribution

4.4. Charges are calculated in line with the Fairer Charging guidance issued by the Department of Health in 2003 and modified by the guidance on Contributions Policy issued in 2009.

4.5 In assessing the charge or contribution that a service user makes towards the cost of their care, there is a calculation based on the numbers of home care hours delivered and a standard rate applied. This was then assessed against the income of the service user and their ability to pay.

### **4.6 Proposed Changes to our Charging Policy**

4.6.1 Following the needs assessment and calculation of how much the personal budget might be (the indicative amount) the council will undertake an assessment of the person's financial circumstances in accordance with the guidance on Fairer Charging Policies to work out what the person's maximum contribution will be in accordance with the Fairer Contributions guidance. If the financial assessment shows that the person has enough income or savings to contribute to their personal budget, the council will tell them what the actual contribution will be. The Contribution Policy differs from our current Charging policy as we will no longer apply a standard charge for home care, the key factor will be the number of episodes of personal care provided together with the value of other service elements within the personal budget.

4.6.2 The 2003 Fairer Charging guidance left Council's able to provide some services free of charge. With the advent of personal budgets and the right of service users to exercise choice and control over where they purchase their care, those free services need to be costed so that the monetary value is able to be included within the Personal Budget calculation and taken as a Direct Payment where requested. An example of this within Bromley has been Day Care where service users have not until now been charged for attendance at a day centre.

4.6.3 It is now proposed that a personal budget component will be included to cover day care and that this sum should be included within the calculation for the individual's personal financial contribution. However it is currently the case that day centres that are contracted for by the Council provide places for people with critical and substantial needs (eligible service users) and others. It is proposed that for non eligible service users, a charge should be levied by the day care provider for that service and that there is an equivalent sum deducted from the contract price for that centre corresponding to the numbers of non-eligible service users attending that centre.

4.6.4 The charge for the non-eligible service user will need to reflect that a less intensive service is being delivered within a day centre than for those with critical and substantial need and therefore the charge will be proportionately less than that included within a Personal Budget. In the case of older people day care it is proposed to consult on a £10 fee being levied by providers for attendance of a non-eligible service user.

## **5. DISABILITY RELATED EXPENDITURE**

5.1 In addition to the various allowances that are taken into account in assessing a service user's charge, people with specific expenses in excess of 'standard' living costs may receive a further reduction in their charge for 'disability related expenses'. (These may include incontinence laundry costs or costs to address a sensory impairment, for example). Provision for this kind of expense is included in the government guidance.

5.2 The DRE has been calculated on a case by case basis in Bromley, whilst in other authorities a standard rate is applied. Currently the average DRE allowed amounts to £20/week but varies significantly. It is proposed to introduce standard rates of DRE disregards and it is proposed that these be set at between £5 and £15 per week.

- 5.3 It is estimated that 1,065 people currently benefit from a DRE disregard, and of these 450 will be affected by between £0.08 and £99 per week.

## **6. CONSULTATION**

- 6.1 It is proposed to consult on these changes in line with the consultation standards set out in the Bromley Compact. The consultation commences with the publication of this report to the Executive which outlines the main areas for change.
- 6.2 A full outline of the proposed policy framework and how it is intended to operate will be sent to all stakeholders in December.
- 6.3 Current service users, their families and carers will be consulted through a questionnaire which will be sent out in early January.
- 6.4 In addition other stakeholders, including partner agencies, voluntary sector organisations and “XbyX” (Experts by Experience group) will be consulted with specific meetings for affected groups arranged as appropriate.
- 6.5 The proposals will also be subject to scrutiny by the Adult & Community PDS Committee at its meeting at the end of January 2011 prior to the Portfolio Holder coming to a final decision at the end of the consultation period in early March.
- 6.6 It is anticipated that, subject to any changes being made as a result of the consultation, the new policy will be implemented for the commencement of the 2011/12 financial year.

## **7. POLICY IMPLICATIONS**

- 7.1 Personal budgets are central to the Supporting Independence in Bromley programme which is a key priority within the Adult & Community Portfolio Plan and central to the Building a Better Bromley priority of Promoting Independence.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 These changes both address the need to provide an actual cost against all service elements contained within Personal Budgets and also seek to increase, where feasible the contributions levied through charges from service users towards the costs of their care services.
- 8.2 The contributions policy is aimed at ensuring that regardless of how a service user decides to purchase their care, either through a managed service or via a direct payment, there is not a disincentive to service users accessing personal budgets by having a more favourable regime for one or other. This means that we will need to realign our direct payments and domiciliary care charges so that our half hourly and hourly rates are set at the same level as set out in Appendix 1.

8.3 The table below provides the financial implications of the proposals outlined in this report:-

	<b>Budget 2011/12 Full Yr £'000</b>
<u>Additional Income</u>	
Reducing Direct Payment rate for Personal Assistants (£11.00 ph)	-130
Charging for Double Handed Care (16.20 1/2 hour, £26.00 ph)	-150
Supplement for evenings (£1 and £2 )	-65
Charging for Day Care & Transport	-50
Flat rate DRE of £15	-140
Community Alarm Service (£5 pw monitoring, £7.50 pw full response)	-45
	<u><b>-580</b></u>
<u>Loss of Income</u>	
Increasing Direct Payment half hour rate to £8.10	265
Reducing charging for domiciliary care (£16.20 hr to £14 hr)	100
	<u><b>365</b></u>
<b>Net Additional Income (estimated)</b>	<u><u><b>-215</b></u></u>
<u>Full Cost Recovery</u>	
Estimated Savings from full cost recovery (shopping/laundry etc.)	-100
Day care charge for non eligible users	-50
	<u><u><b>-150</b></u></u>
<b>TOTAL ESTIMATED SAVINGS</b>	<u><u><b>-365</b></u></u>

- 8.4 At present recipients of a Direct Payment are allocated £14.10 per hour to cover the cost of purchasing domiciliary care. This does not take into account variations in the cost of care delivered in units of less than an hour, additional costs of care at evenings or weekends, or the reduced costs of care being purchased through employing Personal Assistants. The revised rates proposed in this report provide for these variables.
- 8.5 The table above shows that the financial implications of increasing the amount within a Direct Payment for a half hour of care from £7.04 to £8.10 is £265,000 p.a. offset £100,000 p.a. by reducing the amount allowed for an hour of domiciliary care from £16.20 to £14.00 an hour and a further £130,000 p.a. by reducing the amount allowed for Personal Assistants from £14.10 to £11.00 per hour.
- 8.6 The current charge for domiciliary care for non-Direct Payment users is £16.20 per hour and has been based on the average cost of an hour of care taking account of all contracted providers, including the in-house service's unit cost, and allowing for the variations on the cost of evenings and weekends. Analysis of current prices charged by the Council's contracted providers, together with the impact of a reduction in the volume of care provided by the in-house service has resulted in a need to adjust the rates charged and the sums allowed for within Direct Payments for domiciliary care.
- 8.7 The proposals within this report align the charges made with the sums allowed for within Personal Budgets consistent with that allocated within a Direct Payment. This has the effect of maintaining the same charge for a half hour of domiciliary care as present (£8.10/half hour) whilst reducing the rate for care delivered in full hours from £16.20 to £14.00. As with Direct Payments, an increase in the charge for care delivered at evenings or weekends will be applied or at £1 per half hour and £2 per full hour of care.



- 8.8 Also included in the table above are the anticipated savings arising from the introduction of charges or full cost recovery of services provided to non-eligible service users, including day centres, shopping and housework services, as described in paragraphs 3.9 and 4.6.4. above.
- 8.9 Any additional income that will be generated from telecare is included within the Community Alarm figures in the table above.
- 8.10 The proposed rates for charging in 2011/12 are based on current prices and therefore an annual increase for inflation will need to be added to all the figures in Appendix 1.
- 8.11 Appendix 2 gives some examples of how service users will be affected by the proposed changes to our existing Charging Policy.

**9. LEGAL IMPLICATIONS**

- 9.1 Fairer Charging Contributions Guidance is issued under Section 7 of the Local Authority Social Services Act 1970.
- 9.2 This document provides guidance on how both the chargeable amount of a personal budget, and the actual contribution made by the personal budget holder, might be calculated. The chargeable amount is the maximum possible contribution a person can be asked to make to their personal budget, subject to their available income and savings. The calculation of the actual amount to be paid begins with a means test which determines the income and savings available to make a contribution. This part of the process is covered in the original Fairer Charging guidance and remains unchanged. Thus this guidance does not introduce any changes to the way councils undertake financial assessments, or how they treat the income or savings of personal budget holders.
- 9.3 The Department of Health’s latest guidance on Direct Payments states that:-  
  
 “the direct payments legislation provides that it must be equivalent to the council’s estimate of the reasonable cost of securing the provision of the service concerned, subject to any contribution from the recipient”  
  
 Thus the system for determining the amount of service required to meet social care needs should not be different for Direct Payments to that used for Personal Budgets.”
- 9.4 Councils should consult as necessary on any proposed changes to their existing charging policy in accordance with the Fairer Charging guidance. Councils might wish to allocate a member of staff to be responsible for consultation to meet local user and carer groups and to seek their views.

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	

Specific Personal Budget/Charging rates

<b>Current Charge</b>			<b>Proposed Personal Budget Rate</b>		
Home Care (hourly charge)		£16.20	Personal care episode (1/2 hour)		£8.10
			Personal care episode (1 hour)		£14.00
Home care (double handed)		£16.20	Personal care episode (double handed)		£16.20 (1/2 hr) £26.00 (1 hr)
Home care evenings/weekends			Personal care episode (evening/weekend supplement)		£1.00 (1/2 hr) £2.00 (1hr)
Direct Payment /Personal Assistant		£14.08	Personal Care episode (Personal Assistant)		£11.00/hr
Day Care		NIL	Day care – general (frail OP) incl. Transport		£18.00
			Day care – specialist (dementia/LD) Transport		£40.00
			Specialist Day placements LD/PD/MH		Actual contracted cost
Supported Living package		Full cost	Supported Living package		Full cost
Care link – monitoring		£3.72	Care link – monitoring		£5/wk
Care link – full response		£7.18	Care link – full response		£7.50/wk
Telecare/Assisted Technology monitoring		£1.91	Telecare/Assisted Technology monitoring		£2.50/wk

## Appendix 2

How a Personal Budget and contribution is calculated:

### Example 1

Mr A is 85 lives alone and needs assistance in getting up washing and dressing and in getting to bed at night. He also requires oversight during the day and help with preparing food.

His daughter provides daily midday support at weekends and 3 days a week.

Current cost of services calculated as follows:

2 x ½ hour personal care daily @ £8.10/½ hr	113.40
2 x day centre sessions @ £18 each	0.00
Care Link monitoring	<u>3.72</u>
	<u>117.12</u>

His personal budget is calculated as follows:

2 x ½ hour personal care daily @ £8.10/½ hr	113.40
4 x weekend supplements @ £1	4.00
2 x day centre sessions @ £18 each	36.00
Care Link monitoring	<u>5.00</u>
	<u>158.40</u>

Charging calculation under the current Fairer Charging Policy:

State Retirement Pension	132.60
Attendance Allowance	<u>47.80</u>
Total Income	180.40

Deduct Income Support Threshold	165.75
Deduct Disability Related Expenditure	<u>5.46</u>
Income available for charging	<u>9.19</u>

**Previous Assessed maximum charge                      £9.19**

Contribution calculation under the proposed Fairer Contributions Policy:

State Retirement Pension	132.60
Attendance Allowance	<u>47.80</u>
Total Income	180.40

Deduct Income Support Threshold	165.75
Deduct Disability Related Expenditure	<u>5.00</u>
Income available for contribution	<u>9.65</u>

**Revised Assessed maximum contribution                      £9.65**



### Example 3

Mrs C is 80 lives alone and receives 14 1 hour visits of care a week double handed and has the carelink full response service. Mrs C has over £23,250 in savings.

Current cost of services calculated as follows:

14 x 1 hour personal care (double handed)	226.80
Care Link monitoring and response	<u>7.18</u>
	233.98

Her personal budget is calculated as follows:

14 x 1 hour personal care (double handed)	364.00
4 x weekend supplements @ £2 each	8.00
Care Link monitoring and response	<u>7.50</u>
	379.58

**Charge under the current Fairer Charging Policy £233.98**

**Revised Personal Budget contribution £379.18**

(Full cost payer as service user has above capital limit)