



REPORT TO: MORAY INTEGRATION JOINT BOARD ON 28 NOVEMBER 2019

SUBJECT: CHARGING FOR SERVICES

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

- 1.1 To ask the Moray Integration Joint Board (MIJB) to consider the charges for services for the 2020/21 financial year.

2. RECOMMENDATION

2.1 It is recommended that the MIJB:

- i) **adhere to the request of the Moray Council that the MIJB recommend to them, the charges for the services delivered within the delegated functions;**
- ii) **considers and approves the charges set out at APPENDIX 1 for recommendation to Moray Council for approval and inclusion into their budget setting processes; and**
- iii) **notes the recommended charges will be subject to assessment for the socio-economic impact and reported back to the MIJB where there is significant impact and no mitigation.**

3. BACKGROUND

- 3.1 Integration Authorities do not currently have statutory powers to set charges for the services aligned to delegated functions. Moray Council, therefore has the legal responsibility to set social care charges on behalf of the MIJB.
- 3.2 Moray Council has in place a Charging for Services policy that was updated and approved by the Policy & Resources Committee on 24 October 2017 (para 8 of the minute refers). The policy states that a review of charges should be undertaken annually as an integral part of the budget process.
- 3.3 During 2017 discussions took place between the MIJB Chief Financial Officer and the Head of Financial Services, Moray Council, where it was considered appropriate for the MIJB to be involved in the setting of charges for the

services for which it has commissioning responsibility. Whilst Moray Council retains the statutory responsibility for this duty, the recommendation made to the Moray Council Policy and Resources Committee, at its meeting of 24 October 2017, was that the MIJB should be requested to recommend the charges for services delivered. A report was presented to this Board on 14 December 2017 where it was agreed that the MIJB would take responsibility for recommending charges for services to Moray Council (para 6 of the minute refers).

- 3.4 On 2 October 2018, the Moray Council Policy and Resources Committee approved that the MIJB were requested to recommend charges for the services delivered under their remit. Subsequently, the MIJB at its meeting of 29 November 2018 approved the charges for the 2019/20 financial year to be recommended to Moray Council for approval and inclusion into their budget setting process (para 6 of the minute refers).
- 3.5 On 29 October 2019, the Moray Council Policy and Resources Committee approved that for a third year, the MIJB would be requested to recommend charges for the forthcoming financial year, 2020/21 for the services being delivered under this remit.

4. KEY MATTERS RELEVANT TO RECOMMENDATION

Charging Overview

- 4.1 The net funding provided to the MIJB from Moray Council considers the impact of social care income generation from charging for services. On this basis, the MIJB Chief Officer, Chief Financial Officer and the Head of Financial Services, Moray Council have met to consider an equitable approach reflecting this position.
- 4.2 Not all charges are within the control of the Moray Council. Some charges levied by the Council are set by statute, some are limited by statute and some have the method of calculation prescribed by statute.
- 4.3 On 29 October 2019, Moray Council presented a report on Charging for Services to its Policy and Resources Committee (para 7 of the draft minute refers). This report agreed that the default position for the increase of charges for the 2020/21 financial year will be 5%.
- 4.4 In prior years, Moray Council's methodology for proposing charges has been in-line with the Consumer Price Index (CPI). The latest measure of CPI released in September 2019 is 1.7%. CPIH extends the CPI to include a measure of the costs associated with owning and maintaining a home, along with council tax and is considered the most comprehensive measure of inflation. Currently (September 2019) CPIH is 1.7%.
- 4.5 It is important, when considering the setting of charges to also consider the MIJB's overall financial position. Another report being presented to this meeting today is the Revenue Budget Monitoring position to the end of September which includes a forecast to the end of 2019/20 of £1.6M overspend on core services. Salary increases for staff working within Health and Social Care Moray have been considerably higher in 2019/20 than CPI. Pay inflation is an important measure as 38% relating to Moray Council and

46% relating to NHS Grampian MIJB expenditure is attributable to wages and salaries and has considerable impact on the MIJB financial position.

Charging for Care Services (means tested)

- 4.6 It is necessary that the MIJB considers its approach to income maximisation within the context of its existing policies. The introduction of Self-Directed Support through the Self Directed Support (SDS) (Scotland) Act 2013 led the Moray Council to review its charging policy for non-residential services to ensure a fair, effective, consistent and transparent system. This led to the introduction of the Contributions Policy. Under SDS, individuals are informed of their entitlement to support as part of their overall personal budget designed to meet their needs and achieve their outcomes. It also determines how much they will have to contribute (based on their ability to pay) for the care and support they choose. With the introduction of the Contributions Policy, the services which charges are being made for are reduced. It is important to understand that charges still require to be determined to enable personal budgets to be calculated and any associated contributions to be applied to overall budgets. The Contributions Policy is currently under review by Health and Social Care Moray's (HSCM) SDS Steering Group. Consultation will begin on the new policy in early 2020 and a draft will be presented to the MIJB thereafter.

Taper

- 4.7 If a service user has income over the charging threshold, the local authority has the power to determine what the person pays for their service, provided it does not exceed the cost of providing that service.

COSLA recommend that the charge towards social care is not based on all remaining income. A percentage is determined of the remaining income that is available to the service user over the threshold and this determines the maximum contribution a service user will pay towards their care.

A recent benchmarking exercise nationally highlighted the following:

- The Scottish average taper is 61%.
 - Moray is above the Scottish average with the current taper 70%, meaning that for someone who has £100 excess income, we would require them to pay £70 maximum.
 - 3 areas in Scotland have a 100% taper meaning there will be no further disregard of excess available income after applying standard disregards.
- 4.8 The SDS Steering Group is cautiously assessing the impact of increasing the taper as part of the review of the Contributions Policy. As an example, increasing the taper to 75% would result in a weekly increase to a service user (on full benefits) of £5.65 per week/£293.80 per annum.
- 4.9 There are currently 294 service users who have applied for financial assistance and are now paying a contribution towards their care. This is a decrease of 41.2% (500 service users) following the extension of Free Personal Care for under 65s on 1 April 2019.

Housing Support Charges

- 4.10 Individuals are financially assessed to pay up to the maximum amount set per week.
- 4.11 In order to support the protection of the MIJB's financial position and considering the Moray Council's proposals around income generation, discussions have been held with the service and 5% increase would seem a reasonable increase in this area.
- 4.12 It should be noted that **APPENDIX 1** reflects the highest rate for the proposed 2020/21 charges. There is no longer a weekly charge applied within a specific range. This is a means tested rate and a financial assessment is undertaken to ensure that individuals only pay what they can afford to pay up to the maximum rate.

Charges for Care Services (non-means tested)

- 4.13 In addition to services charged against an individual's financial assessment, a small number of services are charged at a flat rate.

Existing charges were recently benchmarked against other local authorities in Scotland. The revised charges are based on further alignment of Moray's charges to the Scottish average but not exceeding the cost of care to HSCM.

Additionally, an increase in some charges will also help offset the increased costs associated with service delivery.

- 4.14 Community Alarm - The community alarm service is provided to support independent living at home. Historic charges have not reflected the cost of providing this service including staffing costs, assessment, installation and collection of equipment, administrative costs etc.

The recent benchmarking exercise highlighted the following:

- The Scottish average is £3.63 per week.
 - Moray is the second lowest in Scotland with a current charge of £1.48 per week.
 - There are currently 1514 individuals in Moray being charged for a community alarm.
 - The current income is £116,517. With an increase to £3.63 per week, the income would be £285,783 (based on the current number of service users).
- 4.15 It is proposed to increase the weekly charge to the Scottish average over a two year period to more accurately reflect the cost of providing the service. It should be noted that there is an associated risk with this proposal in that the uptake of the service may be affected, by increasing costs, which subsequently may impact on income. In addition, there may be an impact on wider health and social care services as it is recognised that a community alarm is a key enabler to support people living independently.
- 4.16 Meal Charges - Service users currently receiving meals whilst attending day services are charged for a two course meal.

The recent benchmarking exercise highlighted the following:

- The Scottish average is £4.17 per week.
- Moray is currently the fifth highest area in Scotland with a current charge of £4.95 per week.
- There are 59 people in Moray being charged for this currently.
- The current income is £15,187.

As Moray is already higher than the Scottish average in its charging for meals, it is proposed to limit the increase to CPIH at 1.7%.

- 4.17 Stairlift Maintenance - There is a current charge for maintenance of certain types of stairlifts. The recent benchmarking exercise did not include stairlift charges although several local authority areas do provide service and maintenance at a charge.

There is a modest charge for individuals following an initial 12-month warranty period where maintenance is not charged. It has been difficult at this stage to identify average Scottish cost of stairlift maintenance but in 2014, the charity Which? conducted a UK survey which stated the average charge for maintenance was £99 per annum.

There are 233 people in Moray who are currently charged with maintenance of their stair lift.

The current income is £14,698 with service users charged £15.77 (inc VAT) quarterly. With an increase of 5% per quarter (£16.56 inc VAT), the income would be £15,434 (based on current number of service users).

A 5% increase is proposed in support of income generation and would seem reasonable given the Which? survey conducted in 2014.

- 4.18 In other areas where there is currently no reliable benchmarking, proposed charges have been made by considering a range of factors which include, the need to increase income (where appropriate), the service being provided and the potential negative impact of increasing charges.
- 4.19 Blue Badge – Local Authorities administer the Blue Badge Scheme on behalf of the Scottish Government, which has set the maximum administration fee at £20. Badge validity lasts for 3 years.
- 4.20 In April 2018, The Fairer Scotland Duty, part 1 of the Equality Act 2010 came into force placing legal responsibility on public bodies in Scotland to consider how they can reduce inequalities of outcome caused by socio-economic disadvantage when making strategic decisions. In this respect, the setting of charges would fall within this section of the duty and as a result due consideration is being given to the consequent impacts and mitigation.
- 4.21 HSCM will continue to work with service users and in collaboration with Moray Council's Income Maximisation Team to ensure all individuals are getting the benefits assistance they are entitled to so no one who really needs a service has to give it up.

- 4.22 The revised charges will ensure services are sustainable for the future, supporting residents to live independently.
- 4.23 Officers have followed guiding principles as set out by Moray Council and attention to the service planning responsibilities of the MIJB have been considered in proposing the charges to be recommend to Moray Council as part of their budget setting processes for 2020/21 and will be reported in February 2020. These recommendations are set out at **APPENDIX 1**.

5 SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Commissioning Plan 2016 – 2019

The levying of charges for social care services is an essential component of delivering priorities on a sustainable basis.

(b) Policy and Legal

The Public Bodies (Joint Working) (Scotland) Act 2014 dictates that the setting of social care charges will not be able to be delegated by a local authority to an integration authority as part of the joint working arrangements prepared under the Act.

(c) Financial implications

Charging for services provides a consistent approach to the levying of charges where appropriate, however the net financial benefit is limited and constrained by the Contributions Policy.

(d) Risk Implications and Mitigation

There are no risks arising directly from this report. There remains a risk in that any increase or introduction of charges could have a detrimental effect on service uptake.

(e) Staffing Implications

None arising directly from this report

(f) Property

None arising directly from this report

(g) Equalities/Socio Economic Impact

Full assessment of the socio-economic impact of the Social Care charges on the protected groups as outlined in the Fairer Scotland Duties legislation will be carried out prior to Moray Council setting its charges for the 2020/21 financial year.

(h) Consultations

The Head of Financial Services, Moray Council, the Head of Service – Strategy and Commissioning, Health & Social Care Moray and the Support Manager within the Community Care Finance Team have been consulted and their comments have been incorporated within this report.

6 CONCLUSION

- 6.1 Moray Council, by way of their statutory duty for setting charges for services, has requested the MIJB recommends the charges for services to be delivered for the 2020/21 financial year, ensuring a strategic role is maintained.**

Author of Report: Tracey Abdy, Chief Financial Officer, Moray Integration Joint Board

Background Papers: with author

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